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Algeria	4.00	Dr.	1.50	Norway	4.00	Nkr.
Argentina	1.50	Arg.	1.50	Peru	0.70	Per.
Australia	1.50	Aus.	1.50	Portugal	20	Esc.
Belgium	40	Bfl.	1.50	Spain	160	Ptas.
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Soviet Indicates Interest in New U.S. Arms Plan

By Don Oberdorfer
Washington Post Service

WASHINGTON — A senior Soviet Embassy official has described the Reagan administration's proposal for "umbrella talks" on arms control as unprecedented in U.S.-Soviet relations.

He said Moscow was awaiting further specifics before making a definitive response.

The diplomat said Wednesday that the Soviet side was attempting to learn at what level of government and in what city the proposed talks might be held, where the United States thought they might lead and what issues would be considered first.

The last point is of central importance to Moscow, which has given high priority to talks aimed at averting anti-satellite and space weapons while refusing to engage in negotiations on offensive nuclear missiles.

The Reagan administration, on the other hand, is eager to engage the Soviet Union on offensive strategic arms but reluctant to negotiate about space weapons because of President Ronald Reagan's strong commitment to a space-based defense strategy.

The Soviet official spoke at a Soviet Embassy reception and asked that his name not be used.

Ambassador Anatoli F. Dobrynin, host of the reception, said in a brief speech that "there should be and are openings and possibilities for a fruitful dialogue and cooperation based on mutual interest and respect."

Responding to the remarks by the unidentified official, the White House said a "broad exchange" between Washington and Moscow "would be useful."

Larry Speakes, a White House spokesman, said that such an exchange would "promote better understanding between the superpowers and that it would be timely to discuss the relationship between offensive and defensive weapons."

Mr. Speakes said that such talks could also lead to possible renewal of the intermediate-range and strategic nuclear missile negotiations.

He said the White House would like an opportunity to continue to outline the umbrella proposal to the Soviet Union. He said there have been reports of a possible meeting in January in Moscow between the U.S. secretary of state, George P. Shultz, and the Soviet foreign minister, Andrei A. Gromyko, but that none was scheduled "at the moment."

Mr. Speakes said there was nothing surprising to the administration about the Soviet official's remarks and added that the comments show there "is a need to have discussions and we would welcome it."

Mr. Speakes also said the possibility of appointing a special envoy, or "czar," to handle arms control issues for the administration was still a "live option." But he said that such a post had not been suggested to the Russians as part of the arms control talks.

A senior White House official last week listed six areas for discussion under umbrella talks: intercontinental ballistic missiles, medium-range missiles in Europe, weapons in space, chemical weapons, confidence-building measures and conventional forces in Europe.

He spoke of the proposed discussions as being "across the board" but did not say how they would work.

The Soviet diplomat said: "You introduced something new in the history of Soviet-American relations, the umbrella. What is it? A mackintosh we can understand. This must be studied."

Mr. Dobrynin reportedly probed for details of the U.S. proposal during a meeting Oct. 26 with Mr. Shultz. Mr. Gromyko is said to have raised similar questions Oct. 31 in a Moscow meeting with the U.S. ambassador, Arthur A. Harman.

Mr. Shultz met Wednesday with Mr. Reagan and his national security adviser, Robert C. McFarlane, to discuss a foreign policy agenda for Mr. Reagan's second term. Officials said arms control negotiations with the Soviet Union were at the top of the agenda.



President François Mitterrand of France, right, discussed the situation in Chad with Libya's leader, Moammar Qadhafi, center, in the presence of Greece's prime minister, Andreas Papandreu, on the island of Crete on Thursday.

Mitterrand, Qadhafi Hold Surprise Talks

Compiled by Our Staff From Dispatches

ELOUNDA, Crete — President François Mitterrand and Moammar Qadhafi, the Libyan leader, held talks Thursday amid reports that Libya had not honored a pledge to pull its forces out of Chad.

Prime Minister Andreas Papandreu of Greece arranged the previously unannounced face-to-face meetings on the Mediterranean island of Crete.

A 15-month military standoff between 3,500 French and 5,500 Libyan troops ended formally on Saturday when both countries announced that they had completed a pullout of their forces from Chad. The withdrawal accord had been negotiated under Greek mediation.

But President Hissène Habré of Chad said in the Chadian capital of N'Djamena on Wednesday that Libya had not implemented the troop withdrawal accord and that Libyan forces were still in the northern part of his country, particularly in the oasis town of Faya Largeau.

On Tuesday, U.S. officials said that most of Libya's troops in the country were still there.

Mr. Papandreu said at the end of the one-day meeting in Crete: "They basically agreed that no single French or Libyan soldier will remain in Chad."

"If there is intervention by a third country," he added, "Libya will have the right to defend itself in the region." Mr. Papandreu did not elaborate.

Colonel Qadhafi said: "I think this meeting was a foundation stone. A feeling of mutual confidence was created here. We're opening a new page."

Mr. Mitterrand flew back to Paris without making any statement. Colonel Qadhafi described both Mr. Mitterrand and Mr. Papandreu as "guarantors of peace in this very sensitive Mediterranean region."

Mr. Papandreu said that Mr. Mitterrand had expressed a desire to continue discussions with the "Libyan leader in this very sensitive Mediterranean region."

Earlier, the Greek government spokesman, Dimitrios Maroulis, said that Mr. Papandreu had held separate 20-minute meetings with each leader before he acted as chairman of the tripartite talks.

Mr. Maroulis said that the meeting was arranged on Mr. Papandreu's initiative and its purpose was to seek a peaceful solution to the Chad crisis and to air Mediterranean problems.

President Habré asked France to send troops to his country in August 1983 to help him hold off a Libyan-backed rebel drive toward N'Djamena.

"The French know the Libyans have not gone because they have the same evidence we have," Mr. Habré said.

In Paris, the newspaper Le Monde quoted French intelligence sources as saying that nearly 1,000 Libyan soldiers could still be in northern Chad.

French officials declined to comment on the report and said France's position remained that the troops of both countries had left Chad.

The newspaper said the 1,000 soldiers would not be able to launch a major offensive but could help the rebels prevent government troops from recapturing Faya Largeau.

Le Monde reported that sources close to Mr. Mitterrand said the Crete meeting was aimed at "closing" the chapter on the Chadian affair.

But it said Mr. Mitterrand would tell Colonel Qadhafi that a new Libyan military intervention would bring the French back.

The French government spokesman, Roland Dumas, said the possibility of a meeting had been raised when Paris and Tripoli agreed on the joint pullout in September.

Anglican Unit Votes to Let Women Enter Priesthood

By Michael Geiler
Washington Post Service

LONDON — The Church of England's General Synod, despite objections by the archbishop of Canterbury, voted heavily in favor of drafting legislation that would permit the ordination of women as priests.

Although there are more than 700 women Anglican priests elsewhere in the Commonwealth and around the world, there are no women priests in Britain.

The 307-183 vote Thursday in favor of bringing forward legislation to permit ordination brought joy to the galleries, which were packed with women.

Although it will still be 1990 at the earliest before the first women priest could be ordained, and there are other legal hurdles that the plan must clear, the vote was hailed by its supporters as an indication that the Church of England is able to adjust to change.

The Anglican Church has 65 million followers worldwide. Their leader, the Reverend Robert Runcie, the archbishop of Canterbury, was among those who voted against women priests in the Church of England, arguing that their time had not yet come.

"I have become convinced that the argument for the ordination of women now tips the balance favorably," he said. But, he added, "in my judgment, we would be unwise at this moment to call for legislation to bring it about."

Mr. Runcie said the church should wait until there was more experience with women deacons, who can lead prayers but who rank below priests, and with women priests from abroad, and until there is more internal dialogue within the church.

Those agreeing with Mr. Runcie made two key points. One was that the move contradicted what opponents of women's ordination called the essential maleness of God. One synod member, Veronica Finch, said that God "sent his only son to be our savior. He didn't send his only daughter and to make the priest at the altar represents Christ."

The second argument was that ordination would cause divisiveness in the Church of England and set back moves toward greater unity with the Roman Catholic and Eastern Orthodox churches.

The General Synod, in 1975, approved the principle of women priests, and Thursday's action represents the next and perhaps the most important step. But church officials noted that there now would be wider discussion in the church about the forthcoming draft legislation and that to become church law it must get a two-thirds majority when the final vote is taken, perhaps four years from now.

France, U.S. Colleges Plan Technology Tie

By Amiel Kornel
International Herald Tribune

PARIS — The French government, in a policy decision to seek American technological cooperation, is creating links with 17 U.S. universities.

Gaston Defferre, minister of state for planning, was to fly Friday to Pittsburgh for a final review of the agreements at Carnegie-Mellon University, which is leading the U.S. consortium.

The program was proposed Sept. 12 by Richard Cyert, president of Carnegie-Mellon, in a letter offering a "direct access of French firms" to the university's research in automated manufacturing, robotics, artificial intelligence and computer-based education. President François Mitterrand agreed to the proposal later that month.

Mr. Cyert also proposed joint research projects between French and U.S. scientists, and the training of increased numbers of French engineering and computer-science students in the United States. The university is also offering to promote U.S. corporate investment in France.

French government officials said that the moves were motivated largely by a need to modernize the country's industries and by fears about Japan's emerging dominance in industrial applications of technology. France has strong economic and cultural interests in the Third World, particularly in Africa and Asia.

"We have slept too long on the computer revolution," said Jean-Jacques Servan-Schreiber, president of the World Center.

Once a journalist and publisher, Mr. Servan-Schreiber in 1967 wrote "The American Challenge," a book that warned about U.S. economic and technological domination of Europe.

Mr. Servan-Schreiber said this week that he was realizing "that so many of our industries are threatened."

By the end of September, President Mitterrand gave the go-ahead to Mr. Servan-Schreiber, who was briefly minister of reform in 1974 under President Valéry Giscard d'Estaing.

"Instead of being afraid of America, we are forging all possible links," Mr. Servan-Schreiber said this week in telephone interviews from Pittsburgh, where he was working out the details of the program. "I am under presidential mandate to forge these links."

Modernization has been the watchword of the Mitterrand government since the Socialists came to power in 1981, and the president has sought generally to establish closer ties with the United States.

"National, military independence is one thing," said Mr. Defferre, adding that "economic independence in a country that doesn't have many natural resources" is not possible in that way.

"On the other hand," he said, "a country well equipped, modern — that is independence" much more than the affirmations of nationalism.

Mr. Servan-Schreiber said: "In Gaulist times French identity was defined by the Frenchman's domination. There is now a change in attitude. We can gain a lot from the fountain of American scientific knowledge."

Having calmed his fears about a trans-Atlantic menace, France has turned to the Japanese challenge. Japan's sizable research efforts in

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French government officials said that the moves were motivated largely by a need to modernize the country's industries and by fears about Japan's emerging dominance in industrial applications of technology.

Breaking with past Gaullist rhetoric that advocated France's independence from the United States, President Mitterrand ordered development of the plan.

Mr. Defferre said Wednesday in an interview that France "must use all possible means" in the struggle to strengthen its technological position.

France, like much of Western Europe, has been struggling to slow inflation and decrease unemployment as it tries to convert from a reliance on manufacturing, industry, to a high-tech, technology and services-based economy.

A technology-transfer program between the consortium of the 17 U.S. universities and French industry outlined in the 1985 budget for France's World Center for Computer Science and Human Resources. The government approved the budget Oct. 25. The center, created in 1982, is under the direction of Mr. Defferre's ministry.

The advantages that the U.S. universities would stand to gain from the agreements would include contracts from French companies for research, increased exchanges with French scientists and students and a ready-made gateway to the Third World for the universities' work.

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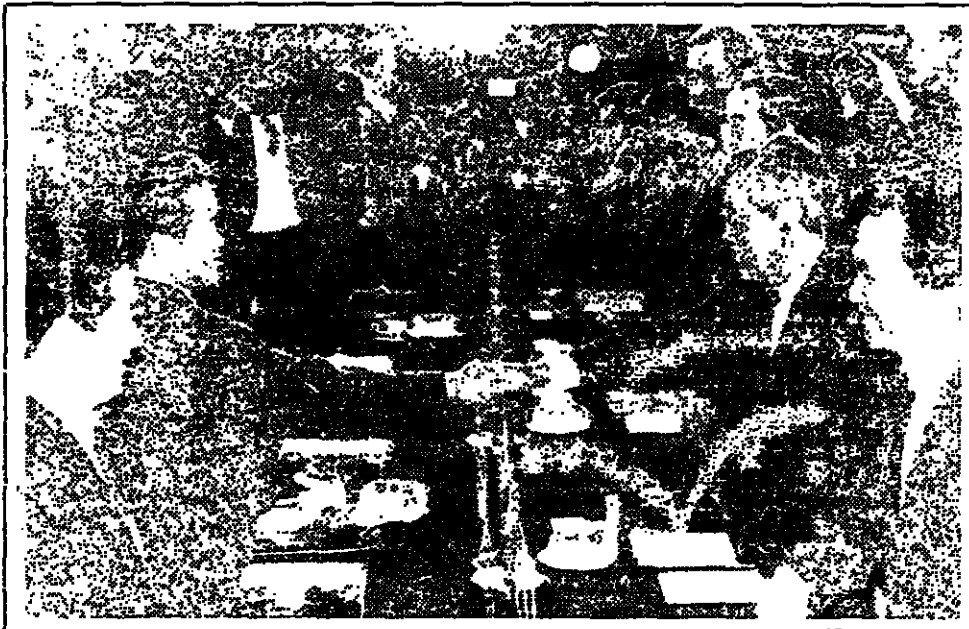
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RARE MEETING — Kim Il Hwan, right, head of a South Korean delegation, shakes hands with his North Korean counterpart, Lee Song Rok, at the start of trade talks between North and South Korea. They were the first such talks in four years. Page 2.

Envoy From U.S. Will Meet Soon With Nicaraguan

The Associated Press

WASHINGTON — The White House said Thursday that a U.S. envoy would soon meet with the foreign minister of Nicaragua to continue talks aimed at fostering a regional peace settlement in Central America.

A White House press spokesman, Larry Speakes, said the talks between the U.S. ambassador-at-large, Harry Shlaudeman, and the Nicaraguan foreign minister, the Reverend Miguel d'Escoto Brockmann, "hopefully will enhance prospects for the Contadora treaty," the regional peace initiative by Latin American nations.

But officials said the Reagan administration remained concerned about shipments of Soviet weapons to Nicaragua. The Pentagon said it was not sure whether the U.S. would be able to provide more information on what the assets might be carrying.

The new ships would be in addition to three spotted earlier and the much-publicized visit last week of a Soviet ship that U.S. officials had feared might have been carrying MiG fighters.

Aquino Panel Accused Of Making a Weak Case

The Associated Press

MANILA — The Philippine government's ombudsman on Thursday accused the panel that implicated top military officers in the assassination of former Senator Benigno S. Aquino of making "deductions, speculations and conclusions" on evidence that it was not sure would hold up in court.

Bernardo Fernandez, the ombudsman, made the accusation at a press conference he called to answer assertions that he was trying to shift responsibility for the pretrial investigation onto the fact-finding panel without studying the evidence himself.

"They merely gathered evidence without even considering whether it is admissible or whether it will stand up in court or not," Mr. Fernandez said, "and on the basis of this evidence made deductions and speculations and conclusions. And now, it is for us to determine whether these conclusions are really justified."

Mr. Fernandez was designated by President Ferdinand E. Marcos to determine if enough evidence exists to bring the armed forces chief, General Fabian C. Ver, and 25 others to trial. The board concluded they were "indisputable for the premeditated killing" of the popular opposition leader upon his return to Manila from the United States and also for the slaying of

Rolando Galman, the man the military says was the assassin.

Mr. Marcos ordered board members to help Mr. Fernandez, saying refusal would be a "disservice" and would encourage the belief that the board doubted its own findings.

The pretrial investigation has bogged down, with Mr. Fernandez complaining to Mr. Marcos that he was not getting the help he wanted from the board and its lawyers, who replied they had finished their job and it was now up to the ombudsman to evaluate the evidence they had assembled.

But in a sharp rebuff to Mr. Marcos, the board's chief counsel, Andres Narvasa, replied, "I do not answer to you or any man in this regard." He suggested that Mr. Fernandez, before complaining of alleged lack of cooperation, should first read the board's reports.

Mr. Fernandez acknowledged Thursday that he and his staff had not examined all the evidence given him by the board before he issued subpoenas, requiring General Ver and the other respondents to answer charges he labeled "doubtful murder."

Mr. Fernandez denied he was trying to shift responsibility for the investigation to the board, saying, "We can do it ourselves, and better than anybody can do it for us."

Asked why he had insisted that the

Nameless Diamond, Faceless Buyer

Unidentified Saudi Arabian Bids Record Price in Geneva

By Soren Melikian
International Herald Tribune

GENEVA — The excitement started at 10:10 Wednesday night in the brightly lit ballroom of the Hotel Richemond when John Floyd, Christie's chairman, casually announced:

"We are now selling Lot 454. We start the bidding at three million Swiss francs."

The price, nearly \$1.5 million, seemed to fade no one in the room, which was packed with diamond dealers from New York, London, Milan, Antwerp, Riyadh, Bombay and Hong Kong, and studded with billions.

The ballroom was directly connected by telephone to police headquarters in Geneva, and 12 plainclothes security guards were posted inside and out.

To the left of the auctioneer's rostrum, Christie's diamond experts — François Cuné, Albert Middleton and Hans Nadelhoffer — awaited to look at a fashion model who stood in the corner. She was holding out a blue velvet cushion

carrying Lot 454, a 42.92-carat, the third-largest fancy-blue diamond in the world.

Unlike the other great diamonds, this one has not been given a name. It first surfaced in Paris in 1913 when a Ukrainian manufacturer, Mikhail Tereshchenko, brought it to Cartier's to have it mounted as a

pendant to a small diamond necklace.

Three years later the diamond left Russia for an unknown destination in Europe. Nothing was known of its fate for years after that.

None of the dealers bidding for it had even seen it until Christie's started showing it last month for an unidentified seller.

What they discovered was a huge gem with the fancy-blue color of the Hope Diamond, now in the Smithsonian Institution in Washington. The 45.52-carat Hope is the second-largest fancy-blue diamond, behind only the 45.85-carat Copestake, whose owner is unknown.

During the weeklong viewing before the sale the major dealers in the field came to inspect the wonder, from Harry Winston of New York to Lawrence Graff of London and Jacques Arpels of Van Cleef & Arpels of Paris.

Even William Goldberg of New York, who is said to have probably

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INSIDE

■ An anti-Sandinist leader urged the United States to give Nicaragua's newly elected leader a "period of grace." Page 3.

■ The OAU summit meeting closed after African leaders voted to set up a fund for famine relief. Page 5.

■ Getting a Swiss passport is as hard as "climbing the Matterhorn in meekers," says a resident who tried. Page 13.

■ U.S. economic indicators provide further evidence of a slowdown in growth. Page 17.

■ The International Auto Sports Federation has canceled the Monaco grand prix and the Monte Carlo Rally. Page 23.

North, South Korea Hold First Talks in 4 Years

By John Burgess
Washington Post Service

TOKYO — North and South Korean officials exchanged specific proposals Thursday for trade across the Demilitarized Zone dividing Korea and agreed to continue discussing the subject next month.

Punctuated with talk of Korean brotherhood, the two-and-a-half hour meeting at the truce village of Panmunjom was the first government level face-to-face contact between the rival sides in more than four years.

The two countries have been isolated from one another economically since trade was halted when the Korean War began in June 1950.

Despite the warm atmosphere in Thursday's talks, there has been no letup in the general hostility between the two countries. It was unclear if the two sides would move on to substantive military and political issues.

South Korea's chief delegate,

Kim Ki Hwan, spoke of his government's desire to "restore national unity at an early date through exchanges and cooperation," according to press agency reports from Panmunjom.

His North Korean counterpart, Lee Song Rok, expressed similar sentiments. "We must not repeat past failures and must make this meeting successful for the benefit of both sides," he said.

The meeting followed an exchange of flood relief aid from North to South six weeks ago. The two sides are also set to resume discussions next week between their Red Cross societies on reunification of families separated by the Korean War.

In Thursday's session, South Korea said it would like to buy mineral commodities, scrap metal and agricultural products from the North. It offered to supply North Korea with manufactured goods, including steel and aluminum products, and automobiles.

Transport would initially be by sea, both sides suggested, with the possibility of later reopening rail lines cut since the Korean War and establishing a trucking exchange center at Panmunjom.

[Mr. Kim later said it was a "good initial start." The Associated Press reported. He said that the discussions "progressed very smoothly."]

South Korea made detailed technical proposals for currencies, banks and pricing to be used. In a gesture toward both sides' stance that Korea is one country temporarily divided, Mr. Kim proposed that there be no tariffs as the sales would not constitute "external trade."

Mr. Lee followed with the North's proposal, suggesting selling the South goods including machinery, iron ore and coal. Purchases from South Korea would include steel products, naphtha, fish and salt.

For political reasons, the North

would be reluctant to buy sophisticated consumer goods from the South, which it maintains is an economic cripple. For similar reasons, the South would not be quick to buy North Korean machinery.

Mr. Kim risked angering the North's delegates by saying that South Koreans still could not control their "shock and bitterness" over a bomb blast last year that killed 17 South Koreans during a state visit to Rangoon. Four cabinet ministers were among those killed.

Two North Korean Army officers were convicted of the crime. Mr. Lee did not respond directly to Mr. Kim but expressed hope later that in future sessions only economic matters would be raised.

The South accepted a proposal to meet again Dec. 5, and it agreed to consider a proposal for a meeting between vice prime ministers of the two governments.

1980 as the two sides tried but failed to set up a summit meeting of their prime ministers. All other contacts since then have been between Red Cross, sports or military representatives.

The civility displayed in face-to-face sessions in recent months has not been matched in years. But at home, both governments continue to charge that the other is talking peace while preparing for war.

North Korean radio has carried constant reports of demonstrations by South Korean students. The students this week occupied the headquarters of Mr. Chun's Democratic Justice Party before being expelled by riot police.

In a visit to the Demilitarized Zone last week, Mr. Chun said the North was strengthening its capacity for attack.

"At this critical juncture," he told army commanders, "we should be prepared to meet any eventualities with a water-tight defense posture."



J.J. Servan-Schreiber

U.S. Colleges, France Plan High-Tech Tie

(Continued from Page 1)

artificial intelligence, its advances in industrial automation and its links to the nations of the Pacific basin and other developing nations make it a formidable competitor in high technology.

"If we want to lift up the Third World," said Mr. Servan-Schreiber, "before we get there, Japan must know that it will not dominate the world."

Mr. Deffere emphasized that the link with U.S. universities would only add to, and not substitute for, the French effort in high technology.

For example, total French private and public research expenditures in robotics and factory automation will total about 410 million francs (about \$45 million) in 1984, according to the French Robotics Association.

The World Center, started in 1982, seeks to educate the French public in microcomputers, to develop educational software and to spur transfer of microelectronics technology to the Third World.

Carnegie-Mellon and the World Center began their association in 1983, principally through seminars at Carnegie-Mellon for French students, engineers and officials and through the regular collaboration of a few of the university's scientists at the World Center in Paris.

President Mitterrand visited the university last spring during a trip that also included stops at Stanford University and California's Silicon Valley.

The new links will take the relationship further. The plan calls for extending the association to French companies that need to modernize.

Carnegie-Mellon's robotics institute, which had a 1984 budget of \$9 million, is perhaps the premier robotics research laboratory in the United States. French companies could contract with the institute to conduct research for them in factory automation and to obtain proprietary rights to any patentable results.

Carnegie-Mellon is a leading U.S. university in high-technology research. The university Wednesday won a hotly contested, five-year \$103-million contract from the U.S. Defense Department to create a software-engineering institute.

Such U.S. companies as Westinghouse Electric Corp., International Business Machines Corp., and Digital Equipment Corp. have supplied money and materials to the university.

Aide Disputes Aquino Panel

(Continued from Page 1)

job of specifying the charges belonged to the board, Mr. Fernandez replied it was merely to "simplify the procedure."

"If we have to rummage and pore over so much evidence, he said, 'it will take us more than one year perhaps to do that.'"

Reward Offered in Killing

The Philippines' highest military commander took charge Thursday of the investigation into the assassination of a popular opposition figure as officials announced a 300,000-peso (about \$15,000) reward for the assassin's capture. The Associated Press reported from Zamboanga.

The acting armed forces chief, Lieutenant General Fidel V. Ramos, flew to this southern seaport and announced the creation of a special task force to investigate the murder of the mayor of Zamboanga, Cesar Climaco, shot Wednesday by a gunman.

"We have come up with several leads that might possibly lead to the early solution of the murder," the local Constabulary commander, Lieutenant Colonel Jesus Guerson, said.

Police sources said that among groups that might have a motive to kill Mr. Climaco were extortion and protection syndicates victimizing local businessmen and wealthy residents.

Warlike Croatian Official Held in U.S.

NEW YORK (NYT) — A Croatian cabinet minister under the Nazis, whom American authorities have repeatedly sought to deport as a war criminal, has been arrested at his home near Los Angeles on a new extradition request by Yugoslavia, officials announced.

A Yugoslav spokesman in New York, Svetolik Raganovic, said that Andrija Arukovic, 84, former justice and interior minister of the German-backed state of Croatia, was wanted to stand trial in Yugoslavia for the wartime persecution and killing of more than 200,000 people. Mr. Arukovic, who was arrested Wednesday, has lived in California since 1948. Two earlier attempts to obtain his extradition, in 1953 and 1959, failed.

In a statement, Attorney General William French Smith said the extradition request cited the Croatian regime's persecution of Serbs, Jews and Gypsies through forced labor, concentration camps, deportation and mass murder.

For the Record

Bolivia's opposition urged the government to resign and call early elections as a general strike paralyzed the country Thursday. However, President Hernán Siles Zuazo, elected to a four-year term two years ago, rejected the calls.

China and Spain signed on Thursday a wide-ranging economic agreement designed to increase cooperation between the two nations. The agreement, signed in Madrid by the foreign affairs ministers, Wu Xueqian of China and Fernando Morán of Spain, complements a similar pact signed in 1979.

About 200 labor unionists rallied Thursday near Tokyo Port and 70 other demonstrators advised the harbor to protest the arrival from France of a freighter carrying an estimated 280 kilograms (616 pounds) of plutonium oxide nuclear reactor fuel, police said.

The United Nations General Assembly overwhelmingly called Thursday for the immediate withdrawal of Soviet invasion forces from Afghanistan without mentioning the Soviet Union by name. The resolution, adopted 119-to-20 with 14 abstentions, referred only to "foreign troops" and was the sixth such measure adopted since the 1979 invasion. (UPI)

WORLD BRIEFS

Italy Signs Pact With Vatican on Taxes

ROME (Reuters) — Italy and the Vatican signed a protocol Thursday to a church-state concordat that regulates the tax status of church bodies and will eliminate state subsidies on clerical salaries.

Under the protocol, signed by Prime Minister Bettino Craxi and Cardinal Agostino Casaroli, the Vatican's secretary of state, individual churches will receive tax benefits only if they are open to the public. Institutions formed by the faithful will be eligible only if recognized by the Vatican.

The protocol narrows Italy's means of identifying Roman Catholic institutions of "religion and worship," the category eligible for tax benefits under the concordat signed in February.

Shuttle Crew Pleased With Versatility

CAPE CANAVERAL, Florida (AP) — Discovery's astronauts said Thursday that their retrieval of two stranded satellites demonstrated the versatility of the shuttle and was an important step toward the day when construction workers would assemble a permanent station in space.

"We demonstrated man can easily move large structures around in weightlessness," said Joseph P. Allen, one of the astronauts who retrieved the satellites. "Workers in space will have to move large structures. We see no difference."

The crew of four men and a woman told of its experiences during a 224-mile-high (360-kilometer-high) news conference on its final full day in space. The crew also received a phone call of congratulations from President Ronald Reagan. The shuttle is to return to Earth on Friday.

Forger of Hitler Diaries Is Released

HAMBURG (AP) — Konrad Kunj, who has confessed to forging the Hitler diaries and is being tried on fraud charges, was freed Thursday after 18 months in prison, court officials said. No bail was required.

Prosecutors immediately appealed the decision to release Mr. Kunj, 46, a dealer of Nazi reprints. A ruling on that appeal was expected within a few days, a court spokesman said.

Mr. Kunj had been in investigative custody since he surrendered to the authorities on May 14, 1983. He and a former Stern magazine reporter, Gerd Heidenreich, who remained in custody, are accused of swindling the magazine out of 9.3 million Deutsche marks (\$3.18 million) for the bogus journals. Stern published some excerpts in 1983.

Estonian Instructor Defects to Sweden

STOCKHOLM (AP) — A 28-year-old Communist youth instructor from Estonia has defected to Sweden via Finland, Swedish police said Thursday. In August, another Estonian Communist official and his wife defected.

Hillar Raig, a lawyer and a second secretary in the youth organization Komsomol, was on a tourist trip to Finland with other Estonian Communist Party members when he managed to get away from the group Nov. 6 and board a ferry to the Swedish capital.

"The only way I could defect was to make a career in the party," he was quoted as saying by the Stockholm newspaper Expressen. "I planned the escape for four years."

Ship's Owners Criticized in '83 Wreck

WASHINGTON (AP) — An unexplained crack led to the flooding of two storage tanks and the capsizing of an American oil-drilling vessel a year ago in a typhoon off the Chinese coast, U.S. government investigators concluded Wednesday.

All 81 people aboard the Glamis Java Sea drilling vessel were believed killed. The board's investigators were unable to determine what caused the fracture on Oct. 25, 1983, but criticized the master of the drilling vessel for keeping it anchored to the sea bottom, saying the vessel could have absorbed the storm's forces better if it had been set free from all but two of the anchors.

Argentine Military Tribunal Resigns

BUENOS AIRES (Combined Dispatches) — The nine-member Armed Forces Supreme Council, Argentina's highest military tribunal, resigned Wednesday, washing its hands of hundreds of human rights cases, including those against former top military men accused of the mass murder of thousands of Argentines.

The military judges had complained that the Argentine press was publishing negative articles in a campaign to discredit the court after it found the repression of leftists, in which about 9,000 people disappeared in the 1970s, "not objectionable." The judges asked the Defense Ministry to issue a statement backing them. The ministry refused.

Human rights groups said the move showed the failure of President Raúl Alfonsín's policy of allowing the military to conduct its own trials of officers accused of crimes carried out during eight years of military rule. On Thursday, Mr. Alfonsín's 11-month-old civilian government shrugged off the resignation of the tribunal. A spokesman for the president said the resignations would clear the way for Mr. Alfonsín to pick a new court for the human rights trials. (WPT, Reuters)

U.S. Bishops Clear Draft on Economy

WASHINGTON (LAT) — Roman Catholic bishops in the United States gave approval Wednesday to the first draft of their pastoral letter on the U.S. economy, voicing only minor criticisms of the controversial document.

"It's a strong, sophisticated statement, a faithful reflection of 100 years of Catholic social teaching," said Archbishop James Hickey of Washington, one of 13 bishops who spoke during the half hour allotted for informal discussion of the letter.

The 50,000-word document calls for sweeping reforms in economic policy to benefit the poor in the United States and abroad. The draft was made public Sunday as the 300-member National Conference of Catholic Bishops assembled in Washington for a four-day annual meeting.

Warlike Croatian Official Held in U.S.

NEW YORK (NYT) — A Croatian cabinet minister under the Nazis, whom American authorities have repeatedly sought to deport as a war criminal, has been arrested at his home near Los Angeles on a new extradition request by Yugoslavia, officials announced.

A Yugoslav spokesman in New York, Svetolik Raganovic, said that Andrija Arukovic, 84, former justice and interior minister of the German-backed state of Croatia, was wanted to stand trial in Yugoslavia for the wartime persecution and killing of more than 200,000 people. Mr. Arukovic, who was arrested Wednesday, has lived in California since 1948. Two earlier attempts to obtain his extradition, in 1953 and 1959, failed.

In a statement, Attorney General William French Smith said the extradition request cited the Croatian regime's persecution of Serbs, Jews and Gypsies through forced labor, concentration camps, deportation and mass murder.

Correction

The losses of Montedison SpA of Italy were incorrectly reported in the business section in the Nov. 10-11 issues because of an editing error. Montedison actually reported a total loss equivalent to \$650 million for the past two years.

Stalin's Daughter Snubs Reporters

Reuters

MOSCOW — Svetlana Alliluyeva cursed U.S. television journalists who approached her on a Moscow street Thursday, but she hinted she might soon publicly explain her reasons for returning to the Soviet Union.

Miss Alliluyeva, 58, the daughter of Stalin, cursed the television crew members when they asked her how she was faring in Moscow. She refused to answer questions.

"I'm not going to talk to you, not one word," she said in English. "I'm living in a society where private publicity is not done. I'm going to obey the rules. Leave me alone."

"If there will be a place to talk with you it will be a special place provided, not on the street," she added. "You will be invited if it will be decided, and then we will talk."

That statement appeared to indicate plans for a news conference at which Miss Alliluyeva would explain why she returned to Moscow last month, 17 years after defecting to the United States.

Miss Alliluyeva and her American-born daughter Olga Peters, 13, have been staying in the Sovetskaya Hotel since she returned. She was approached Thursday after she left the building with a bodyguard.

Miss Alliluyeva, who has taken her mother's name, refused to stop to talk to the journalists and the bodyguard, who appeared to be a plainclothes

security man, jostled them and tried to push away a camera.

Miss Alliluyeva defected in 1967 during a trip to India and was stripped of her Soviet citizenship. The Soviet government announced her return Nov. 2 and said her citizenship had been restored. It also conferred citizenship on Olga, who holds a U.S. passport.

Peters Begins Inquiry

Seth Mydans of The New York Times reported from Moscow:

The U.S. Embassy in Moscow has asked the Soviet Union for information about Olga after receiving a request from the girl's father, William L. Peters, an American architect who was married to Miss Alliluyeva for two years. An embassy spokesman declined to specify the nature of the inquiry.

Olga had been described by her mother in the past as being "as American as apple pie" and neighbors in Cambridge, England, where they lived for the last two years, said the girl dressed in an American style and spoke no Russian.

Miss Alliluyeva has two children, from two previous marriages, in the Soviet Union. Josef Alliluyev is a Moscow cardiologist.

A daughter, Yekaterina Zhdanov, is also a Moscow resident but is said to be working in the northeastern city of Kamchatka, where her husband is a volcanologist.



Svetlana Alliluyeva in Moscow on Thursday.

Examining the Case of Lot 454: Nameless Diamond, Faceless Buyer

(Continued from Page 1)

out and sold the largest number of great diamonds in the world and who rarely travels to sales nowadays, made the trip.

The reason was that no comparable gem had appeared in the market since World War II, with the

exception of the Polar Star. It sold for 8 million Swiss francs to an unidentified buyer in 1981.

Early this month, Mr. Nadelhoffer could say, "Christie's knew that it was going to be 'one of those events.'"

Days before the sale, four dealers

took the unusual step of contacting Christie's separately, offering to buy the diamond directly at the estimated price, three to four million Swiss francs, and thus save at least the 10 percent charge added to the selling price. Christie's refused the offers.

More significantly, a syndicate suggested that Christie's have the diamond certified by the New York branch of the Gemological Institute of America. The catalog mentioned only a certificate of the Gübelin Laboratory in Lucerne. Scientifically, this is impeccable.

But commercially, the gemological institute's certificate is better known, particularly in the Middle East and Asia, and would make a sale easier in those regions. Christie's obliged.

The gem was flown to New York in mid-October and came back with the desired papers. Even so, Mr. Nadelhoffer insisted he never expected the outcome of the sale.

It took 40 seconds for the gem to reach 6.5 million Swiss francs, far above Christie's most optimistic estimate. At that point a European dealer took over, and dropped out a million francs later. It was now Mr. Goldberg's turn.

Taking a bid from the room, Mr. Floyd said, "9.5 million Swiss francs." Mr. Goldberg, staring straight in front and looking rigid, retorted, "9.6 million." Courtously, Mr. Floyd declined to take the bid, which should have leaped to 9.8 million in keeping with bidding practice.

Realizing that he was losing the jewel, Mr. Goldberg bent forward and buried his face in his hands.

"Ten million Swiss francs!" came a shout from the back of the room.

Mr. Floyd brought down his hammer.

An unidentified Saudi Arabian had won the prize. With the 10 percent charge, the price was 11 million Swiss francs, more than \$4.5 million.

The nameless diamond had just become the world's most expensive stone.

Shultz to Remain Secretary of State

United Press International

WASHINGTON — George P. Shultz, as expected, is to remain as secretary of state in President Ronald Reagan's second term, the State Department announced Thursday.

The administration is expected to focus on achieving an arms control agreement with the Soviet Union.

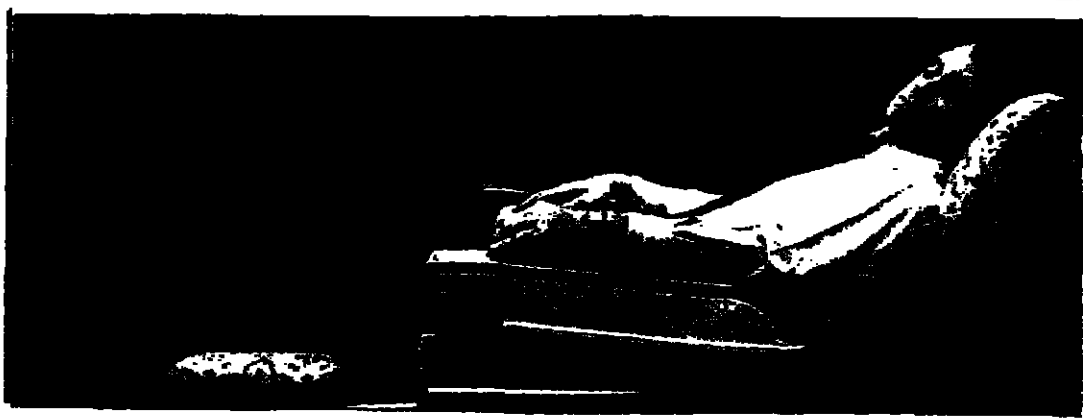
Mr. Shultz has rejected suggestions that an arms control "cear" outside the State Department be appointed to oversee the effort to revive negotiations on nuclear arms with the Soviet Union.

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U.S. Officials Say Portrayal of Nicaragua as Threat Was Aimed at Congress, Public

By Philip Taubman
New York Times Service

WASHINGTON — By comparing Nicaragua with Cuba and talking about the possible delivery of advanced Soviet fighter aircraft to the Sandinistas, the Reagan administration has tried in the last week to portray Nicaragua as a direct threat to the security of the United States.

Administration officials said Tuesday that presenting Nicaragua as a potential base for the projection of Soviet power in the Western Hemisphere was part of an effort to persuade Congress and the public that the United States should resume support to Nicaraguan rebels and continue to apply diplomatic and military pressure on Nicaragua to change its behavior.

That effort, they said, began spontaneously on Nov. 6 with the disclosure that Soviet MiG jet fighters might be aboard a Soviet freighter headed toward Nicaragua.

Since then, despite the announcement last Friday that no high-performance planes appeared to be aboard the ship, the officials said, information and news have been used as forms of leverage in an interagency struggle over the direction and tone of U.S. policy toward Nicaragua during President Ronald Reagan's second term.

The United States and other nations have often tried to use information and, by extension, news coverage to promote their interests at home and abroad. Both the United States and the Soviet Union, according to intelligence officials, spend millions of dollars in covert efforts

abroad to influence public opinion through the dissemination of information.

Although the Reagan administration has denied repeatedly that it was planning to invade Nicaragua, the Sandinistas have rallied support in Nicaragua by saying an invasion was imminent.

The administration continued its effort Tuesday to portray Nicaragua as a serious threat. A senior White House official compared the flow of Soviet-bloc weapons to Nicaragua with the military buildup in Cuba that preceded the Cuban missile crisis in 1962. He said that while there was no plan to block arms shipments to Nicaragua at sea, "We're not going to rule out any contingency there."

A Defense Department spokesman, Michael L. Burch, said the accumulation of arms in Nicaragua exceeded any defensive needs. "We just don't feel that Nicaragua wants to be a peaceful neighbor," he said.

On Sunday, Secretary of Defense Caspar W. Weinberger said, "It is apparent that Cuba is a big problem and a second Cuba would be twice that kind of problem."

The effort to focus attention on Nicaragua, according to administration officials, began in earnest on Nov. 6 when a government official told a television reporter that a Soviet freighter carrying advanced fighter aircraft was en route to Nicaragua.

Broadcast that night on the CBS Evening News, the statement touched off a flood of news reports about the arrival of the ship, administration warnings to Moscow and the possibility that the United States might use military force

Soviet Assails 'Fabrications'

New York Times Service

MOSCOW — The Soviet Union said Thursday that Washington was creating "fabrications" about Nicaragua as a pretext for interference in its internal affairs.

At a news conference, a spokesman for the Foreign Ministry declined to say how the Soviet Union would respond if the United States were to invade Nicaragua. He denied that the Soviet Union had sent high-performance jet warplanes to Nicaragua, but he declined to say what weapons the Soviet Union was supplying.

The spokesman, Vladimir B. Lomeiko, said U.S. actions on Nicaragua were violations of

international law. He said they contradicted pledges by President Ronald Reagan that he was seeking peace.

Mr. Lomeiko stopped short of saying the United States was planning to invade Nicaragua, a charge that has been leveled in recent days by the Soviet press. U.S. officials have denied that an invasion is planned.

Mr. Lomeiko said the United States had engaged in a "frenzied campaign of threats" against Nicaragua in the past week and that these threats were being backed up by huge shows of military force, including troop deployments and violations of Nicaraguan waters and airspace.

Central Intelligence Agency and in the National Security Council staff at the White House, tried to use the developments to build support to heighten diplomatic and military pressure on the Sandinistas.

Another group, including officials at the State Department, tried to use the situation to send a message to the Soviet Union and Nicaragua about the high level of U.S. concern about arms shipments.

News organizations were interested in the arrival of the ship because, if there were MiG fighters aboard, that would have been news. But as is often true in Washington, the way officials

provided information to the news organizations to keep the story alive showed a good deal about the role the press plays in the policymaking process.

The administration officials involved violated one of the government's most forcefully stated objectives — preserving the secrecy of intelligence information — in making their disclosures to news organizations, which protected their sources of information in return.

The immediate impact of the reports on administration policy toward Nicaragua was unclear. Concerned about what they said was an increasing flow of offensive weapons to Nicaragua from the Soviet Union, officials at the Defense Department and CIA circulated proposals last week that the United States withdraw its ambassador to Nicaragua.

They also proposed using the U.S. Navy to block arms shipments at sea, increasing the size and frequency of military maneuvers in Central America and, if Congress is willing, resuming aid to Nicaraguan rebels.

Secretary of State George P. Shultz said Sunday he was unaware of any such plans and his aides suggested this week that there would be no shift in administration policy, which has been to pressure on Nicaragua with diplomatic efforts to resolve differences between the two countries. Other administration officials said the interagency debate over policy had just begun.

In Congress, even the most vocal critics of the administration's policies in Central America, including Senator Christopher J. Dodd of Connecticut and Senator James R. Sasser of Tennessee,

both Democrats, did not rule out the use of U.S. military force to deal with advanced jets if they were delivered to Nicaragua.

Reports of the possible delivery of high-performance fighters had their beginnings in late September when a U.S. surveillance satellite passing over the Black Sea port of Nikolayev showed 12 crates of a kind that usually contain MiG-21 planes on a pier next to a Soviet freighter, the Bakuriani.

No one in the government paid much attention to the intelligence information until several weeks ago when the Bakuriani rounded the tip of South America, steamed past Peru, which had been considered her probable destination, and headed toward the Nicaraguan port of Corinto.

David Martin, the CBS News correspondent who first reported on the freighter on Nov. 6, declined to comment on how he had learned about it.

The report gained more immediacy Wednesday when the State Department said the United States had reiterated warnings to Moscow that it would not tolerate the delivery of advanced fighter planes to Nicaragua.

However, a State Department spokesman, John Hughes, told reporters to be "scrupulously careful as you proceed with this story," noting that it was not known whether MiG fighters actually were aboard the Bakuriani.

Despite Mr. Hughes's advice, other administration officials, primarily at the White House and Defense Department, talked about possible U.S. military action to disable planes if they were delivered.

Critic of Managua Assails U.S. Policy

Cruz Urges White House to 'Give Ortega a Period of Grace'

Washington Post Service

WASHINGTON — A leading Nicaraguan anti-Sandinista leader, criticizing Reagan administration policy, says the recent election of Daniel Ortega Saverio as president of Nicaragua may lead to progress toward a regional peace and he has urged the Reagan administration to "give Ortega a period of grace."

Arturo José Cruz, the opposition leader, said Wednesday that President Ronald Reagan's hard line against the leftist Sandinista government is "not helpful" to Nicaragua's democratic crisis.

Mr. Cruz, who resigned in 1981 as the Sandinista government's ambassador to the United States, said that the invasion alert called last week by Nicaragua has included tighter censorship, restrictions on public meetings and a crackdown on dissidents. The alert was called in response to what Nicaraguan leaders have called the threat of an imminent invasion by the United States.

"The situation diminishes the stamina of the democratic opposition within Nicaragua," said Mr. Cruz, who heads the opposition coalition known as the Democratic Coordinator.

"I become very, very distraught when I see foreign vessels sur-

rounding my country," he said. Later, he said that his five-city speaking tour of the United States "is taking place at the most difficult time for me."

Mr. Cruz said he did not think the Sandinistas "will take the first step in generalizing war in the region," but he added, "they are ready if another country takes that step."

[The White House spokesman, Larry Speakes, said Thursday that the United States had given the Sandinista government "a breathing period" by not supporting "for six or eight months" anti-Sandinista rebels while it pursued diplomatic solutions, only to see tensions heightened by an influx of Soviet-bloc arms, United Press International reported Thursday.]

[Responding to fresh criticism of U.S. policy toward Nicaragua, Mr. Speakes said while the United States has undertaken "a major diplomatic effort" to bring peace to Central America, "the buildup of Soviet and Cuban and Eastern bloc weapons shipments continued unabated and even escalated."

[However, Mr. Speakes said the United States and Nicaragua would resume bilateral talks at an undisclosed time and place with the goal of advancing efforts by the four-nation Contadora group to

draft a peace treaty acceptable to all parties in the region.]

Mr. Ortega became president of Nicaragua in elections Nov. 4 that "crowned the king," Mr. Cruz said. Mr. Ortega will be something more than first among equals, "and he has to be" to hold out against factions in the government that think regional war is inevitable, Mr. Cruz said.

In the election, Mr. Ortega received 67 percent of the total vote, but was supported by less than 50 percent of Nicaragua's registered voters, Mr. Cruz said. He said that 20 percent of the vote went to opponents and that many ballots were deliberately spoiled in protest. "It is a sobering lesson for them," he said.

Mr. Cruz acknowledged that U.S.-backed rebels fighting the Sandinistas were slowly drawing more recruits as the Nicaraguan economy crumbled, but he said that elimination of U.S. support for the rebels was still "desirable." He added, however, that it "should be part of an overall political solution."

■ **Latin Group Claims Progress**
The four-nation Contadora group said Wednesday that it has made progress in its search for a Central American peace initiative



Foreign Minister Isidro Morales Pail of Venezuela, left, and Foreign Minister Bernardo Sepúlveda Amor of Mexico discussing in Brasilia a draft of a communiqué giving details of talks of the four-nation Contadora group, which is promoting peace in Central America.

and said it may be possible to conduct negotiations aimed at a final peace agreement. The Associated Press reported from Brasilia.

The Contadora group released a statement at the current meeting of the Organization of American States in Brasilia saying that meetings with the five Central American nations involved in the conflicts — El Salvador, Nicaragua, Guatemala, Honduras and Costa Rica —

"reflect the possibility of conducting negotiations with a final agreement."

The Contadora group is made up of Colombia, Panama, Mexico and Venezuela.

Surgical Myopia Cure Found Relatively Safe

By Larry Thompson
Washington Post Service

ATLANTA — A technique to correct nearsightedness by making tiny surgical slashes to the cornea is a relatively safe and effective alternative to eyeglasses, the first U.S. study of the procedure concludes.

Results from the first year of the planned five-year study confirm similar findings in Tennessee and Kansas and in the Soviet Union, which pioneered the technique, called radial keratotomy.

They also confirm the experience of U.S. ophthalmologists, who have performed more than 63,000 of the operations since 1978.

The \$2.5-million study, called the Prospective Evaluation of Radial Keratotomy, or PERK, was financed by the National Eye Institute, part of the National Institutes of Health. Results were announced here at the annual meeting of the American Academy of Ophthalmology.

The technique and the study have been the subjects of occasionally acrimonious debate among ophthalmologists.

In the PERK study, 413 patients underwent the procedure on one eye at one of nine centers. More

than half had 20-200 vision or worse — which means that the only letter they could read on an eye chart was the big E.

After surgery, 78 percent of the patients had 20-40 vision or better, the quality of vision needed in most states to get a driver's license without glasses.

While the statistical results seem encouraging, Dr. George O. Waring 3d, a professor of ophthalmology at Emory University in Atlanta and the study director, said "the outcome cannot be precisely predicted for an individual patient."

To perform the procedure, a surgeon makes eight to 16 tiny slashes in the eye's cornea. The slashes run from a point near the center of the cornea to the edge.

The cuts weaken the cornea, allowing the eye's internal pressure to form bulges at the cornea's edges and flatten its center. That flattening refocuses the light entering the eye, eliminating nearsightedness.

Surgery takes about 15 minutes, costs \$1,000 to \$2,000 an eye and can be performed in a doctor's office. Although the side effects of fluctuations in vision and glare are minor, PERK researchers stressed that long-term problems might not show up for 10 to 30 years.

CLA Agent's Memo on Tet Attack Alleged 'Deceit'

By M.A. Farber
New York Times Service

NEW YORK — Thirteen years before he became a paid consultant to CBS on its 1982 documentary on Vietnam, a CIA analyst told his superiors that General William C. Westmoreland's command had engaged in a "monument of deceit" regarding estimates of enemy strength in the Vietnam War.

The assessment by the analyst, Samuel A. Adams, was contained in an internal Central Intelligence Agency memorandum that was read to the jury Wednesday in the libel case brought against CBS by General Westmoreland. The general was expected to take the stand Thursday.

In the memo, Mr. Adams accused General Westmoreland's command of "half-truths, distortions and sometimes outright falsehoods" regarding the size and nature of enemy forces in South Vietnam in 1967. It was, basically, these same charges that were leveled on the 1982 "CBS Reports" documentary, "The Unaccounted Enemy: A Vietnam Deception."

Mr. Adams is also a defendant in General Westmoreland's \$120-million libel suit, which stems from the

broadcast and is being tried in Federal Court in Manhattan.

The memo, dated Jan. 31, 1968, the day after the start of the Communists' Tet offensive, was written to George A. Carver Jr., then chief of Vietnamese affairs for the CIA and Mr. Adams's immediate superior. It was introduced by David Boies, the lawyer for CBS, during his cross-examination of Mr. Carver.

In September 1967, Mr. Carver led a delegation of intelligence officials to a conference with military leaders in Saigon, where an agreement was struck on the size of the North Vietnamese and Viet Cong forces in South Vietnam to be included in a report for President Lyndon B. Johnson.

Initially, the CIA argued for significantly higher estimates of enemy strength than did General Westmoreland's command.

In the memo, Mr. Adams notified Mr. Carver that he was leaving his staff to take a job with the

agency's office of economic research, where he said he could pursue his interest in the Viet Cong's organization and manpower. But the "fundamental" reason for his departure, he said, related to what he called a compromise on enemy strength that had been forged in Saigon.

Mr. Adams said the CIA, and particularly Mr. Carver's staff, had made a "mistake" in agreeing to lower figures on the estimate and had thereby "basically misinformed policymakers of the strength of the enemy."

The CIA, Mr. Adams said in the two-page memo, had not been "sufficiently diligent in bringing to the attention of the intelligence community the numerical and organizational strength of our adversaries in Vietnam."

He added that he realized that the "pressures" on the CIA, originating, he said, from General Westmoreland's command, "have been enormous."

"We have occasionally protested," he said, "but neither loud enough, nor long enough."

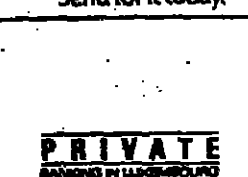
On direct examination at the trial, Mr. Carver testified that Mr. Adams was present in Saigon when the CIA developed its alternative offer to the military and had not dissented from it.

Mr. Carver said, however, that Mr. Adams had expressed his feelings about the final enemy troop estimates before writing the memo. He described Mr. Adams, 51, as someone who was "often in error, seldom in doubt."

On Wednesday, Mr. Carver told Mr. Boies that he respected Mr. Adams's ability and had recommended him for the promotion to the office of economic research. But he said he had reservations about his judgment and about his readiness to accept the fact that, in government, "you have many arguments" and while "you win some, you lose some."

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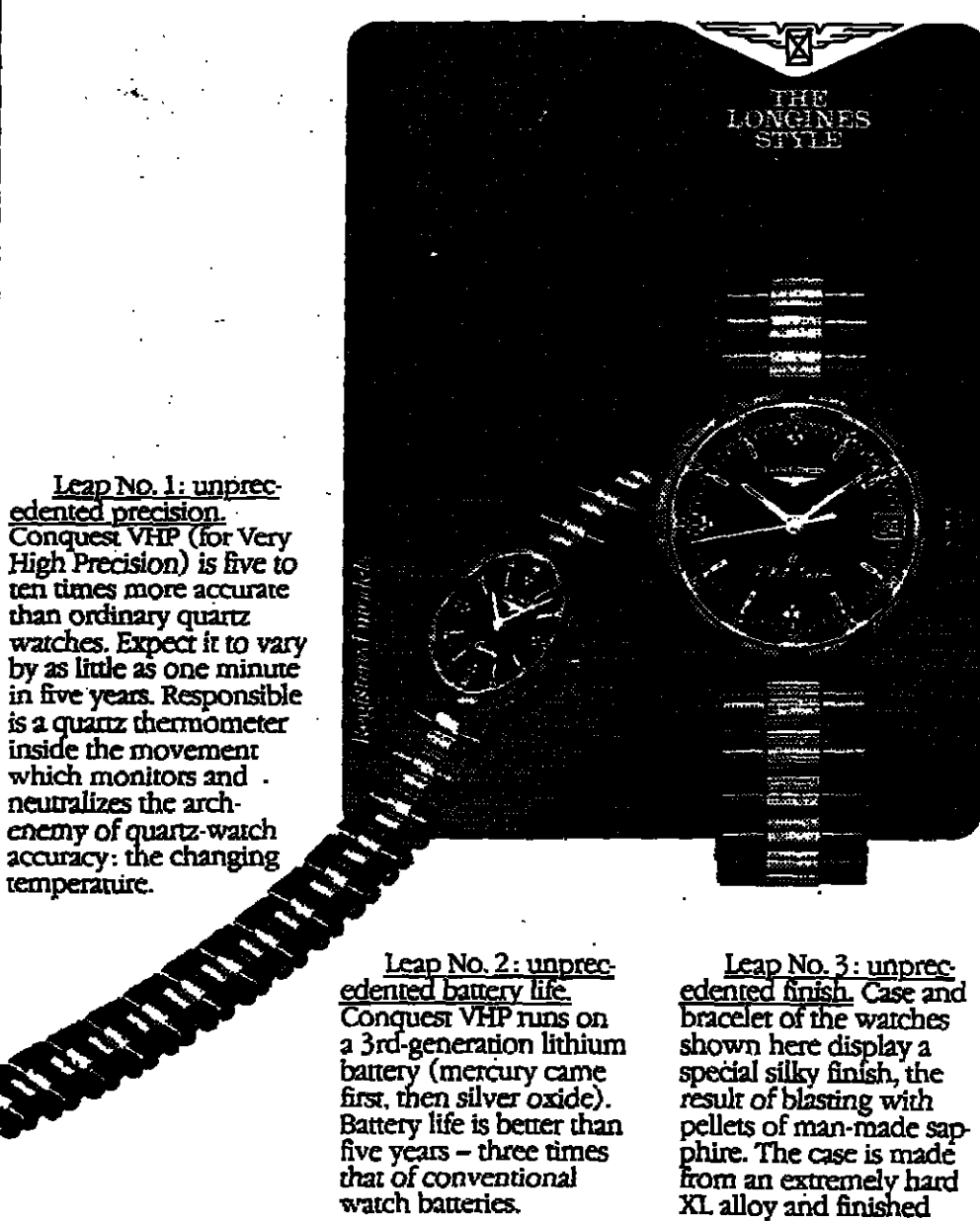


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D.E. MacDonald Dies; Started U.S. Optics Company

The Associated Press

LANCASTER, Massachusetts — Duncan E. MacDonald, 65, former dean of the graduate school at Boston University and founder and former officer of the Itek Corp., an optics company, died Wednesday.

An inventor as well as a scientist, Mr. MacDonald developed a camera capable of photographing a distance 225 miles (364 kilometers) wide from an altitude of six miles. He founded and directed the Optical Research Lab at Boston University, retiring from the school 10 years ago.

Mr. MacDonald was honored by the U.S. Air Force for his contributions as a scientific consultant to Operation Crossroads, the testing of two atomic devices at Bikini Island in July 1946.

Louis Lerner, Ex-Envoy And Chicago Publisher

New York Times Service

NEW YORK — Louis A. Lerner, 49, a Chicago newspaper publisher and the U.S. ambassador to Norway in the Carter administration, died of cancer Wednesday in Chicago.

Mr. Lerner, a longtime worker in the Democratic Party in Chicago, served as ambassador to Norway from 1977 until 1980.

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3 Factions Debate in U.S. On Civil War In El Salvador

By James LeMoyné
New York Times Service

LOS ANGELES — A senior Salvadoran government official side-stepped a proposal from Salvadoran rebel leaders during a televised debate that they began discussing a formal cease-fire in their five-year civil war.

The Salvadoran minister of the presidency, Julio Adolfo Ray Prendes, said that instead, the government would seek an "end of violence" in general, and specifically referred to a cessation of economic sabotage by rebel units.

Mr. Ray Prendes's comments Wednesday appeared to indicate that the government's strategy in future negotiations with the rebels would be to pursue specific agreements to reduce the level of violence without making formal territorial or political concessions.

Rebel officials said they would seek a reduction in U.S. involvement in El Salvador and ask for the creation of a joint rebel-government committee to ensure that no foreign weapons enter the country.

The discussion of a cease-fire came as government officials, a conservative Salvadoran political spokesman and leftist rebel leaders debated the prospects for peace in El Salvador in the unusual setting of a Los Angeles television studio.

The generally restrained discussion represented the first public debate of the problems of El Salvador by a broad range of Salvadoran political leaders. The meeting was organized by the Center for the Study of Democratic Institutions, a nonpartisan group associated with the University of California in Santa Barbara.

Repeating past positions, rebel spokesmen argued that despite an appearance of political reform, the reins of power in El Salvador were still held by the army and a small class of big businessmen. They also said that rightist death squad leaders had not been brought to justice.

"The causes of the conflict remain," said Hector Oqueli, a member of the rebel political diplomatic commission of the combined political and military fronts.

Government officials argued that two national elections, broad economic reform programs and an improving human rights record had set the country on the path to democratic change.

"Democracy is a process that has to be built every day," Mr. Ray Prendes said. "If we are waiting to have a perfect democracy in order to join that democratic govern-



Julio Adolfo Ray Prendes

ment, we'll never find one anywhere in the world."

The debate, filmed by public television crews for later broadcast, came one month after President José Napoleón Duarte and rebel leaders met for the first time in La Palma, a town in northern El Salvador, to discuss prospects for peace. Both sides agreed at the Oct. 15 session to meet again in the last two weeks of November.

Mr. Oqueli said Wednesday that the Democratic Revolutionary Front, the rebel political grouping, and the Farabundo Martí National Liberation Front, its military wing, sent a formal proposal regarding the next peace talks to the Salvadoran government 12 days ago through intermediaries in the Roman Catholic Church in El Salvador.

He and other rebel officials said the proposal asked that the next meeting be held Nov. 27 in San Salvador.

Mr. Ray Prendes said the government had not received the proposal.

Both sides said they had come to Los Angeles to demonstrate their willingness to talk and to attempt to influence American public opinion. They were careful to avoid extreme statements that could undermine the process of talks.

The government was represented by Mr. Ray Prendes, Ricardo González Camacho, minister of the economy, and Ricardo Ramírez Randa, ambassador-designate to West Germany. The president's son, Alejandro Duarte, who is mayor of San Salvador, also was in the government delegation.

The rebels were represented by Mr. Oqueli, Salvador Samayoa and Oscar Acevedo, all members of the rebels' political and diplomatic commission.

The lone spokesman for conservative Salvadoran political parties was Francisco Quinones, a prominent businessman and head of the small Salvadoran Popular Party. Mr. Quinones consistently referred to the representatives and guerrilla forces as "terrorists" and to Russian and Cuban support for their rebellion.

Chilean Troops Ring A Slum in Santiago and Round Up Thousands

Compiled by Our Staff From Dispatches
SANTIAGO — Troops backed by helicopters and armored vehicles surrounded a poor neighborhood in the Chilean capital at dawn Thursday, rounded up thousands of men and bused them to a soccer stadium.

It was the second such sweep since a state of siege was declared last week. In earlier roundups, most of the men have been freed, but some have been jailed on criminal and political charges.

The target of Thursday's raid was La Victoria, a shantytown of 70,000 people in southwest Santiago. It has been the scene of clashes between riot police and protesters. Officials of the Roman Catholic Church said thousands of men had been rounded up in the four-hour operation. They said they had no further details because the telephone at the local parish had been disconnected.

President Augusto Pinochet declared a state of siege Nov. 6, suspending civil liberties for 90 days to combat what he called a Marxist-led insurgency.

General Pinochet took power in a 1973 military coup during which an elected Marxist president, Salvador Allende, was killed. The general has resisted 18 months of demonstrations for a return to civilian rule.

In May 1983, about 10,000 people were rounded up in the same neighborhood. Most were later freed. In September a French priest was shot and killed there during a protest against General Pinochet.

More than 3,000 men and teenage boys were rounded up Saturday in a similar raid on another politically active Santiago slum. The government said 363 of the 3,000 were arrested for delinquency or having subversive records.

The La Victoria roundup began about 5 A.M. Thursday, as the overnight curfew ended.

Juanita Alvarado, an employee at the Roman Catholic vicariate of southern Santiago, said telephone callers from the neighborhood said military officers with loudspeakers ordered everyone out of their homes for a "census."

"The callers said some homes were being searched, and all the men were forced to run with their hands behind their necks to where the buses were parked," she said.

Reporters saw several air force buses leaving La Victoria full of young men.

On Wednesday, the nation's Roman Catholic patriarch, Archbishop

op Juan Francisco Fresno of Santiago, said the government had caused "confusion, fear and anguish" with the state of siege and should instead move toward democracy.

"The more people and groups that can participate in the creation of the country we want, and the more freedom we have to do it, the better the guarantee for peace," Archbishop Fresno said in a pastoral letter he read to about 1,500 priests and nuns.

He ordered the eight-page letter to be read in all churches Sunday to bypass censorship. In the past week, the government has banned from Chile a priest heading the church's human rights organization and has censored the archbishop's last two public statements.

Archbishop Fresno called for a day of fasting and prayer Nov. 23 to try to overcome polarization that has taken relations between the Catholic Church and General Pinochet's government to their lowest point.

He rejected official criticism of a meeting between Chilean bishops and exiles, some of them leftists, in Rome.

"The bishops do not make political pacts with any party, nor with government authorities," Archbishop Fresno said.

Priests who attended said the reading was interrupted several times by applause, especially when the archbishop acknowledged criticism by activist priests and bishops that his search for compromise had made him reluctant to speak out forcefully.

"My dear children, do not be fooled," he said. "I want to be prudent, but I will not be a coward."

Late Tuesday, 16 explosions damaged business and government targets in seven Chilean cities in the first wave of bombings since the siege was declared, the official press agency reported. Two people were slightly injured.

No group claimed responsibility for the coordinated bombings, similar to nearly 500 others attributed to Marxist guerrilla groups that have shadowed a movement of largely peaceful anti-government protests over the past year.

Human rights officials said Wednesday that security forces continued to arrest political and union activists and students and that more than 500 persons were being held without charges in jails and barracks around the country. (AP, UPI, Reuters, WP)

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OAU Plans New Fund for Famine Aid, Ends Meeting

ADDIS ABABA, Ethiopia — African leaders ended the 20th summit conference of the Organization of African Unity by voting Thursday to set up a special emergency fund to help feed millions of starving people.

"We decided to establish an African fund for emergency relief purposes which we will all try and contribute to, even if it can only be a little," said the new OAU chairman, President Julius Nyerere of Tanzania, in his closing address.

Mr. Nyerere also appealed to the rest of the world to contribute aid to relieve the suffering caused by the famine and drought.

"It was one of the most productive and successful summits marked by serious discussions in trying to find solutions to problems bedeviling the continent," he said.

The OAU secretary-general, Peter Onu, who was re-elected to the post on an interim basis, said the continent had a foreign debt of \$150 billion.

A summit resolution called for the establishment of a special economic fund to be financed by the international community to alleviate the debt.

The African leaders also decided to hold an economic summit conference next year in Algeria.

The conference adopted a series of resolutions condemning racial discrimination in South Africa, calling for a Middle East settlement with an Israeli withdrawal from southern Lebanon, and paying special tribute to the assassinated Indian prime minister, Indira Gandhi.

[The summit conference voted against proposals to set up a new committee to reconcile Chad's warring factions, Reuters reported. It decided instead to ask Congo's leader, Colonel Denis Sassou Nguesso, to continue his mediation efforts after an inconclusive round last month in Brazzaville, Congo.]

Monday's opening was marred by Morocco's decision to withdraw from the organization because its rival for control of the former Spanish colony of the Western Sahara, the Polisario guerrilla front, was seated at the meeting.

The walkout over the issue that disrupted two previous summit attempts in 1982 failed to materialize as only Zaire joined Morocco's boycott.

Mozambique Moving Closer to West Analysts Say Shift Could Affect All of Southern Africa

By David Lamb

Los Angeles Times Service

MAPUTO, Mozambique — After nine years of dependency on the Soviet Union, the Marxist government of Mozambique is making radical policy changes that are moving it into a close relationship with the West.

Mozambican officials deny that they are brushing aside their East Bloc allies. They say that their intent merely is to widen the country's contacts. But Western political analysts think that the economic and political reforms that are being undertaken represent a fundamental shift that could have repercussions throughout southern Africa.

Economically, the shift has been abrupt. In the past two months Mozambique has joined the World Bank and the International Monetary Fund, drafted an investment code to attract Western capital and signed its first agreement with the United States for development assistance. Washington will provide \$8 million this year.

The huge state farms that the government of President Samora Machel turned over to Bulgarian, Cuban and Chinese agricultural experts after Mozambique's independence from Portugal in 1975 are being broken up, and parcels are being distributed among Mozambican farmers. The Bulgarians and others have drifted away, and Mr. Machel is negotiating with France and Britain to assume management.

"It's no wonder the farms were a disaster and never produced well," the Chinese ambassador here said not long ago. "Mozambique had the Bulgarians growing rice and the Chinese growing maize."

Mozambique's desire to cultivate Western ties is reflected in the soft tone of its state-run press, which has dropped its anti-American editorials. Despite its 20-year friendship treaty with the Soviet Union, signed in 1977, Mozambique sent seven athletes to the Olympic Games at Los Angeles, and the U.S. Embassy here has initiated an active cultural program, bringing in musical groups and assisting Mozambicans who want to study in the United States. One youth left recently for Texas Tech University on a basketball scholarship.

All this represents a marked change in what had been a mutually distrustful relationship between Washington and Maputo. Mozambique expelled six U.S. diplomats in 1981 as alleged spies for the Central Intelligence Agency, and for more than three years ending in October 1983 there was no U.S.



Samora Machel

ambassador in Maputo. The only two countries that voted against U.S. positions at the United Nations more often than Mozambique were Laos and Albania.

Still, the Machel government believed that it was being judged mainly on the basis of a label. "There has been a great misunderstanding about Mozambique in the West," said Aquino de Braganca, director of the Center for African Studies in Maputo. "Socialism, or Marxism, has always been more a method than a philosophy here, and we have never been a client of the Soviet Union, China or anyone."

The evidence suggests that Mr. de Braganca is right. Mr. Machel has said that he would never give the Russians or anyone else bases in Mozambique, and Marxism is seldom even mentioned except in official speeches. After ending nearly 500 years of colonial rule with a guerrilla war, Mozambicans are more than attentive to the concepts of nonalignment and independence; they are obsessed by them.

At the time of independence, Mozambique had only a dozen university graduates, 81 black shopkeepers and an illiteracy rate of more than 90 percent. That lack of preparedness for statehood, combined with government mismanagement, a recent series of floods and cyclones, a three-year drought that led to the death of 100,000 people in 1983, and a continuing war against anti-government guerrillas supported by South Africa and rightist Portuguese, has turned the potentially prosperous country

into one of the great economic disasters of Africa.

Women line up before dawn hoping to find a few vegetables or a bowl of sugar. Rice is rationed; each family is allowed a kilogram (2.2 pounds) a month. The butcher shops and restaurants are closed; a large grocery store had nothing in it the other day but three coconuts. Foreign reserves have shrunk to \$35 million, not enough to pay for one month's imports, and the local currency has become so worthless that generous visitors to Maputo tip in packs of cigarettes.

With Mozambique rapidly deteriorating, Mr. Machel took a remarkable gamble last March and signed a treaty of "nonaggression and good neighborliness" with South Africa, the economic giant on his southern frontier. If Pretoria can, and does, help end the guerrilla war in Mozambique, both countries see the possibility of wide-ranging economic cooperation that could promote South African prosperity and get Mozambique on the road to financial recovery.

"Just across the border, not even 50 miles from here, are huge tracts of land producing food, and this must have weighed heavily on President Machel's approach," said Colin Patterson, the South African trade commissioner in Maputo, who is an ambassador in all but title.

The scope of cooperation between our countries could be enormous," he said. "It is not difficult to imagine the transfer of capital and technical assistance to Mozambique, and if we can open the doors across our borders, despite our ideological differences, the treaty is going to be a landmark in the development of southern Africa."

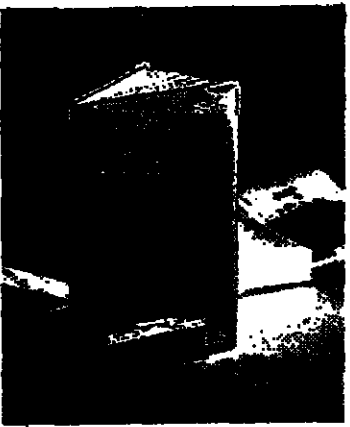
Soviet diplomats in Maputo, displeased with the treaty, have told Mozambican officials they have been tricked by the United States and that the accord is doomed to failure. Western political analysts note, however, that if the agreement works — and if negotiations are successful for an independent Namibia (South-West Africa) and a peaceful Angola — Moscow stands to lose considerable influence in southern Africa.

Those analysts point out, too, that the transformation Mozambique is undergoing has been repeated many times in Africa. Egypt, Sudan, Somalia, Guinea and Ghana have all found Soviet assistance inadequate for their developmental needs at various times and as a result have moved from the Eastern to the Western spheres of influence. In times of crisis they have always looked to the West.

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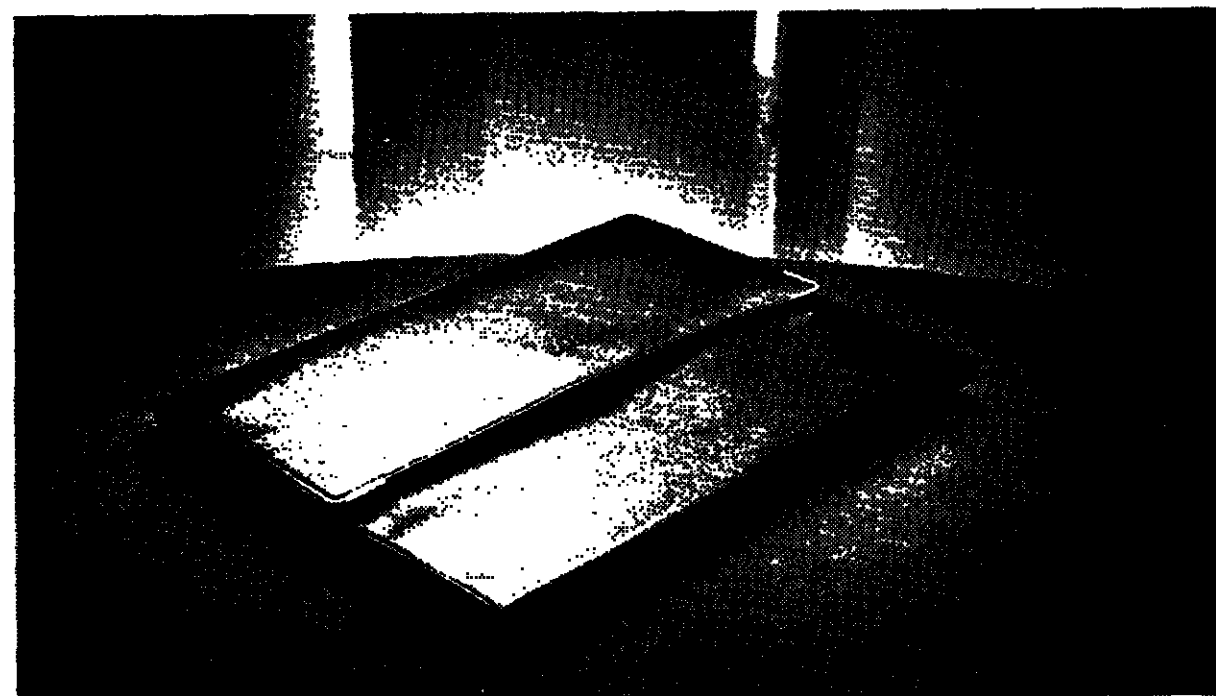


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Sikh Sister-in-Law Will Challenge Gandhi in Parliamentary Election

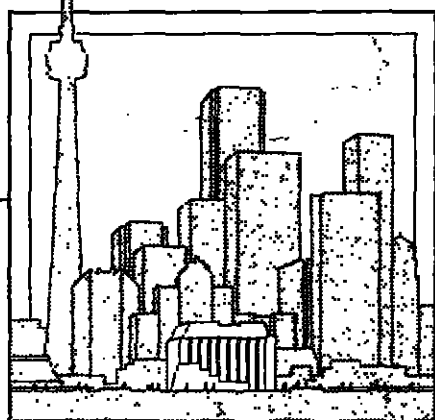
MALAYSIA'S NEW MONARCH — Sultan Mahmood Iskandar of Johore was installed Thursday as the 8th king of Malaysia at the national palace in Kuala Lumpur. King Iskandar, 52, was escorted by the queen.

Maneka Gandhi was sent out of

Gandhi has told investigators that the slaying was organized and financed from abroad. The Associat-

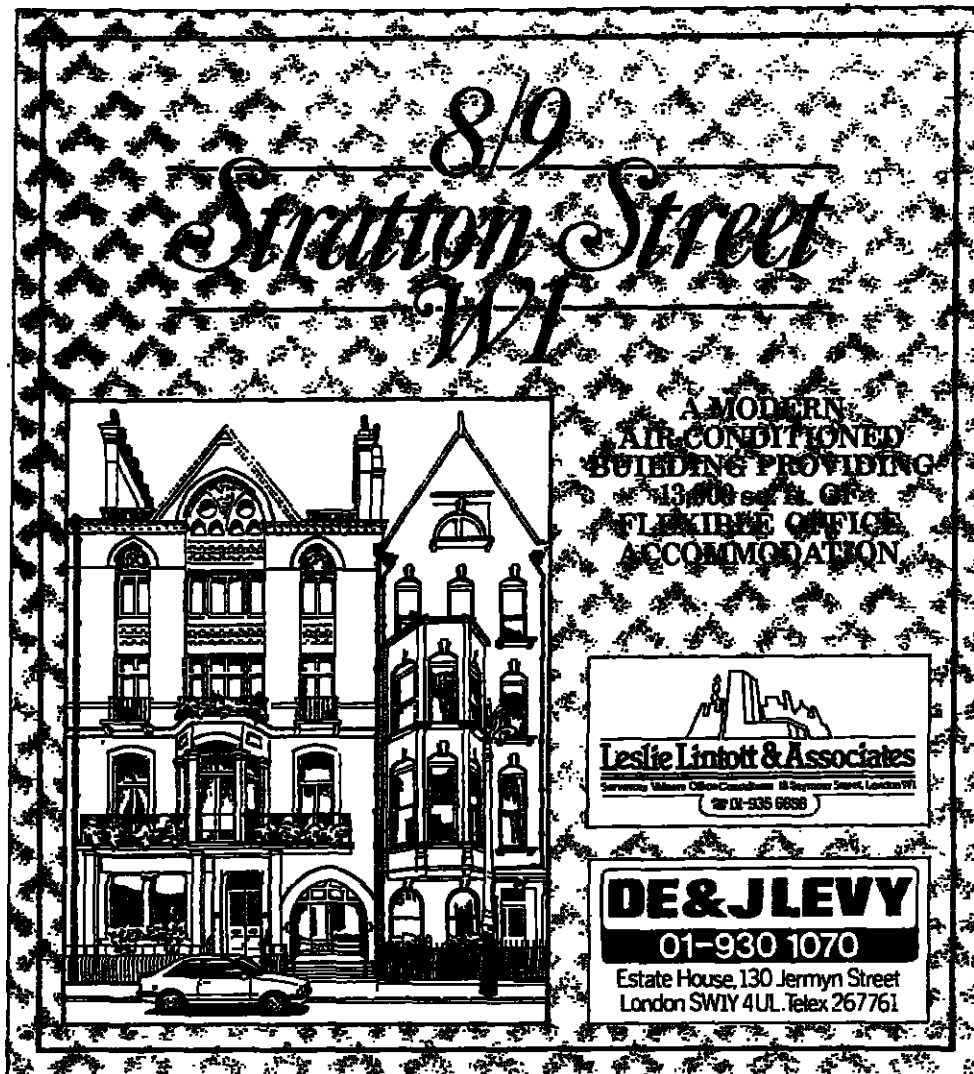
Sikhs who were being taken to jail in Punjab, United News of India reported Thursday.

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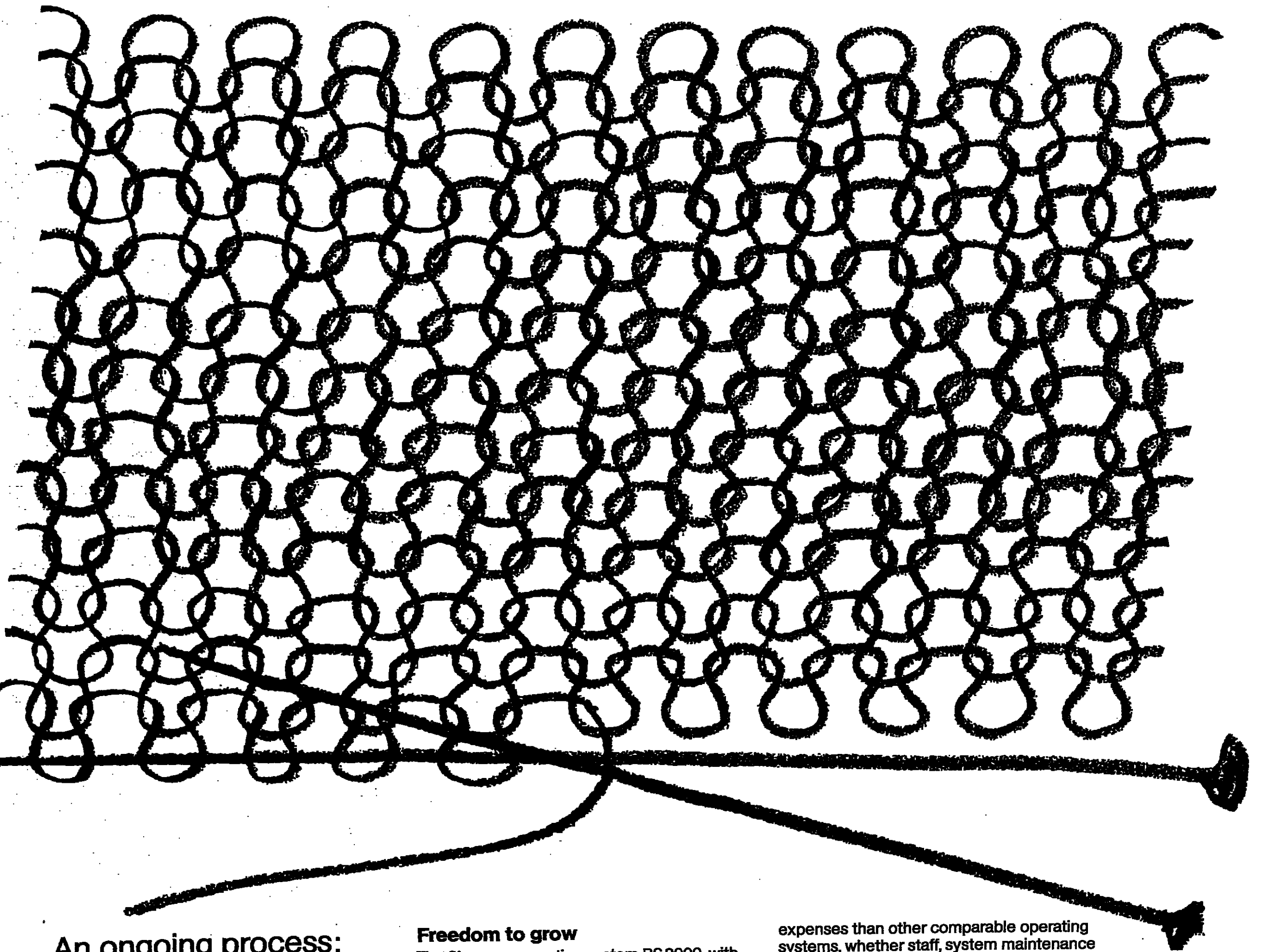
10. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971).

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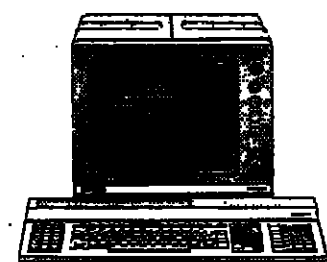
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A MiG Scare Campaign

The Reagan administration's post-election war of nerves against Nicaragua continues with ominous fervor. The campaign, inspired by a mistaken report about MiG deliveries, has made a virtue out of sloppy intelligence and a vice out of Nicaragua's alarmed response. It has involved the release of secret reconnaissance information whose disclosure is normally condemned as treason. And it plays crudely on American sensitivities about another super-power confrontation in the Caribbean.

The crated MiGs that "disappeared" from a Soviet dock in late September, it develops, were not shipped to Nicaragua. And the Soviet weapons that have been delivered are evidently no surprise or cause for special alarm.

Yet the MiG scare has provoked a barrage of threats that seem less addressed to Nicaraguans than aimed at whipping up a security scare among Americans. That would narrow the scope for diplomacy, and type as weaklings those in Congress and the State Department who prefer diplomacy to war.

These are grave conclusions from a still-sketchy record. But consider that record.

The affair began on Nov. 6 with the leaked news that the CIA had lost track of some crated MiGs last seen near a freighter that had now arrived in Nicaragua. This looked like a calculated effort to warn the Soviet Union and Nicaragua not to unload any advanced fighter planes. It brought prompt assurances from both nations that no MiGs had been shipped or ordered. Within 48 hours, U.S. intelligence had to be compromised a second time to confirm the accuracy of those denials.

That might have been the end of the affair except for some private reprimands of those who spoke too quickly and those who botched the reconnaissance to begin with. Most knowledgeable officials have since said that the leak came from a CIA or Pentagon official "who did not appreciate the potential impact." Secretary of State George Shultz, speaking "ad-

visedly," called the leak a "criminal act." Other Pentagon and White House officials, however, plainly like the impact of a scare campaign inside the United States. Instead of retreating in shame, as the Carter administration did from the erroneous report of a Soviet "brigade" in Cuba, Reagan aides have taken the offensive. MiGs or no MiGs, they say, Nicaragua is becoming a Soviet base, threatening its neighbors and U.S. security.

They have ostentatiously announced U.S. maneuvers. They have told a now-aroused press about proposals to call home the U.S. ambassador and to have the navy interdict Soviet weapons shipments. And they have said that if more serious weapons appear in Nicaragua, well, they cannot rule out air strikes.

Secretary Shultz promptly denied any such plans, whereupon it was said that they had not yet reached his desk. Thus blindsided, Mr. Shultz can be forgiven for remarking, off in Brazil, that Nicaragua's "invasion concerns" seem to be "self-inflicted." With unintended irony he added, "Obviously, they are trying to whip up their population."

Why then whip up the U.S. population? For leverage. As a Pentagon official said to Philip Taubman of The New York Times, "What we need to do is translate concern about the military buildup in Nicaragua into support for renewed aid to the rebels." A less hawkish official added: "Some of those who want us to adopt a harder line have long wished that MiGs would be delivered because they know that would tilt the policy in their direction. . . . The next best thing to the delivery of MiGs was the possibility that they might arrive any day." In other words, if the truth is not disturbing enough, invent an alarming fantasy. If you can't solve the problem at hand, make it worse and hope for wisdom in a crisis.

Waving the bloody shirt, this used to be called. But look, Ma, no shirt.

—THE NEW YORK TIMES.

A State of Discontent

What is to come of Puerto Rico? There it sits in the Caribbean, a U.S. "commonwealth" twice as poor as the poorest U.S. state, peopled by second-class U.S. citizens (no federal taxation but no federal representation either), an accidental colonial acquisition often given to regarding itself as a colony still: a "state of discontent." Puerto Ricans agree that things must change, but they cannot agree on how to abandon the existing imperfect model of commonwealth for another model (which?), for statehood or for independence. And they despair of enlisting the 50 states to become partners in a quest for change.

For a while it looked as though Puerto Rico would use its vote on Nov. 6 to try to crash the barrier of American inattention. The island has had a rough passage dealing with a recession aggravated by four years of Reagan budget cuts, and Governor Carlos Romero Barcelo, looking for a villain, found one in commonwealth and ran for re-election on a pledge to force the statehood issue. His victory could have severely embarrassed the Reagan administration, which, like its predecessors, nods to Puerto Rican self-determination but is entirely unprepared to deliver a graceful positive answer to any bid to become the 51st state.

In the event, Governor Romero was edged out by a former governor, Rafael Hernández

Colón. A commonwealth regular, Governor-elect Hernández promises to "strengthen and reinvigorate" commonwealth. But he is clearly more interested in cooling down the status quarrel and doing what can be done to revive the island's gasping economy.

This is the best course. The status debate divides Puerto Ricans along commonwealth and statehood lines, with independence perennially a remote third. It tempts the island's political class to expend itself on a matter nowhere near ripe for resolution either in Washington or in San Juan. Some sort of formal, continuing mutual inquiry into matters of status would be extremely useful. No less urgent, however, are joint approaches to Puerto Rico's economic and social calamities. Puerto Rico needs an investment strategy tailored to the fact that it has the most skilled labor force in the Caribbean. It also needs assurances that broad U.S. policy changes will not undercut the island—as Mr. Reagan's Caribbean Basin Initiative, for instance, at a stroke ended Puerto Rico's favored access to the mainland market. None of these important choices will be made even halfway right, however, unless the U.S. government—Congress included—pays closer attention to the island's sensibilities and needs.

—THE WASHINGTON POST.

Other Opinion

A Tug-of-War in Washington

Secretary of State George Shultz, normally a cool fellow, was boiling mad at the end of last week. Someone had "leaked" a report that the Russians were trying to smuggle a shipment of high-performance jets to Nicaragua. "Whoever leaked that material engaged in a criminal act," Mr. Shultz bluntly stated. That is tough talk, but what makes it all the more significant is the fact that he is talking about someone in high position in the administration.

It now appears the leaked "information" was spurious; there were no jets. Yet the leak took its toll, making President Reagan, on the day after his re-election, deliver a menacing warning to the Soviets. That may have been the diabolical aim of the leak—to snatch the president back to his hard-line senses at a moment when he seemed to be showing a genuine desire to move toward détente.

Mr. Shultz knows that getting back on speaking terms with the Soviets is the top foreign policy priority of a second Reagan administration. Accomplishing that goal will be hard enough without false alarms. The case of the vanishing jets is symptomatic of the behind-the-scenes struggle now going on between the hard-liners and the conciliators. Mr. Shultz, through his outburst, may have been sending a message to the president: If you are really serious about establishing a productive East-West dialogue, tell the world—and the manipulative leakers—that your secretary of state has your full confidence.

—The Baltimore Evening Sun.

A worse regime than that of the criminal Somoza family would be hard to imagine. The Americans must have the historical imagination to understand that they have unwelcome Marxists for neighbors because poor people in many parts of Central America long had the moral equivalent of the Mafia for rulers.

The United States would be wise to have confidence in its very great strength. It does not need to be seen as the patron of dictators. Conciliation, killing by kindness, trade, the ending of covert support for right-wing guerrillas are not soft or naive policies. The Soviet Union is very far away and notorious for mishandling and losing promising friends in the Third World. The risks in a generous, reconciliatory policy are small potatoes compared with those of a policy of "little wars."

—The Daily Telegraph (London).

FROM OUR NOV. 16 PAGES, 75 AND 50 YEARS AGO

1909: U.S. Sugar Fraud Is Alleged

WASHINGTON — Disclosures of political scandals are threatened by the efforts now being made by the Government to investigate charges of fraud brought against the American Sugar and Refining Company, known as the Sugar Trust, as it controls the bulk of the refined sugar business of the country. It is alleged that, owing to collusion between Government officials and the trust, the Government has been defrauded out of duties on cargoes of imported raw sugar exceeding \$30,000,000. It is asserted that for years high officials in Washington have known of these frauds, but that no attempt was made to suppress them or bring the perpetrators to justice. It is said that if the trust is destroyed, hitherto unsmeared reputations will be blackened.

1934: Change Coming in Yugoslavia?

SOFIA — A thorough change of regime in Yugoslavia is predicted by Bulgarian papers (on Nov. 15) on the strength of what is described as "reliable information" from Belgrade. Forty days after King Alexander's death, the papers say, the Regency Council will begin a series of reforms to lead the country back to the parliamentary form of government, as it existed before January 6, 1929, when King Alexander proclaimed a dictatorship. It is also reported that a new Yugoslav cabinet is to be formed in which Dr. Machek, the Croatian leader, and other leading members of the opposition will be included. Over 200 Croatian politicians have made a petition to the Regents to grant political amnesty and re-establish a parliamentary regime.

No Role for Moderates in Pinochet's Chile

By Juan de Onis

SANTIAGO — The long struggle by the democratic opposition to restore political freedom in Chile has now fallen victim to violent conflict between left-wing extremists and the repressive apparatus of President Augusto Pinochet's authoritarian regime.

General Pinochet imposed a state of siege on Nov. 6, again placing the country under military law, and hundreds of people were arrested after two terrorist attacks in which six policemen were killed. Extremists backed by the Communist Party and the Revolutionary Left Movement have thus succeeded in one of their goals — to force the regime into more repression, isolating the military from moderate opposition forces.

"The way things are going now, there can be no dialogue on restoring an elected Congress and reducing Pinochet's term," said Patricio Aylwin, a former senator and a prominent figure in the Christian Democratic Party.

A violent national strike on Oct. 30, in which seven persons were killed, followed by extremist bombings attacks on police stations and vehicles, provided General Pinochet with justification for clamping down again. The Reagan administration has expressed its concern about the increasing violence and the indefinite postponement of restoration of the legal parties.

The regime's conflict with Roman Catholic bishops, who have urged respect for human rights, has been deepened by an order banning the return to Chile of the Reverend Ignacio Gutiérrez, who runs the Santiago archdiocese's legal aid office for victims of repression.

The reimposition of press censorship, widespread arrests without judicial orders, the elimination of habeas corpus, evidence that security and intelligence forces can operate with impunity—all this puts Chileans back in the dark night of official repression that lasted here from 1973, when the military overthrew leftist President Salvador Allende, to 1978, when the dreaded National Security Agency was reorganized to

offset criticism of the human rights situation.

In August 1983, after several days of "national protest" had led to peaceful demonstrations, 18,000 troops occupied Santiago and more than 40 people were killed. This led to left-wing extremist attacks that began with the bombing of electric power transformers and progressed recently to attacks on police.

Last year General Pinochet was willing to make gestures toward negotiations with the non-Marxist opposition, led by the Christian Democrats, Social Democrats and Radicals. He appointed Sergio Onofre Jarpa, a conservative politician, as minister of the interior to conduct

The moderate opposition represents a clear majority of Chile's 11 million people.

such talks. But they broke down over the government's refusal even to consider reducing General Pinochet's exceptional powers.

Mr. Jarpa submitted his resignation on Nov. 5, in a general shakeup of the cabinet, but General Pinochet rejected the offer. Mr. Jarpa has been reconfirmed in his post after assassinating Roman Catholic bishops for meeting with opposition exiles in Rome. On the eve of the Oct. 30 strike, General Pinochet sent police in massive raids on the capital's shantytowns, where the most violent protests have taken place in the past year. More than 400 people were arrested and more than 170 were sent to political prison camps.

Together with the newly declared state of siege and other repressive measures, including direct censorship of news on independent radio sta-

tions and in opposition weekly magazines, General Pinochet has all but ruled out negotiations with the non-Marxist opposition. Yet in August 1983 Mr. Jarpa had been ready to meet non-Marxist opposition leaders.

Negotiations began then, mediated by Francisco Fresno, Santiago's Roman Catholic archbishop, but broke down in less than two months when General Pinochet, violating a tacit agreement, exiled several prominent union leaders and jailed some leaders of opposition parties identified with the days of protest.

General Pinochet has now slammed the door on renewal of the talks unless the opposition first announces that it accepts the present constitution, which provides for him to remain in office until 1989, with full emergency powers.

The talks' main objectives had been to restore the legal political parties, formally banned since 1974, and to call an election for a Congress with power to reform the constitution. At present, legislative power in Chile is vested in a junta made up of the commanders of the army, navy, air force and national police.

General Fernando Matthei, the air force commander, caused a stir when he told an interviewer last month that the air force favored an understanding with the opposition, early congressional elections and possible reduction of General Pinochet's term. Two weeks later General Pinochet reacted, telling a meeting of the government-appointed mayors of Chile's 322 municipalities that he would not give up his powers.

His renewed anti-Communist militancy is fed not only by his vision of a world heading toward East-West conflict but also by the fear generated in the military here by the Communist Party's "prolonged war" against the regime. The moderate opposition, which represents a clear majority of Chile's 11 million people, is forced into awkward positions by the polarization between the regime and the Marxist extremists.

Los Angeles Times.

Moscow 1984: Many Are Waiting for Gorbachov

By Stephen F. Cohen

PRINCETON, New Jersey — Frustrated by two decades of conservative rule, and by almost a decade of aged and infirm leadership at the top, the growing number of reform-minded Soviet officials are now, as reports from Moscow put it, "waiting for Gorbachov."

Mr. Gorbachov, who at 53 is the current heir apparent to Konstantin Chernenko and 20 years his junior.

Rarely, if ever, have reformers banded so squarely on one man in an awaited succession struggle. They do so out of two widely held convictions.

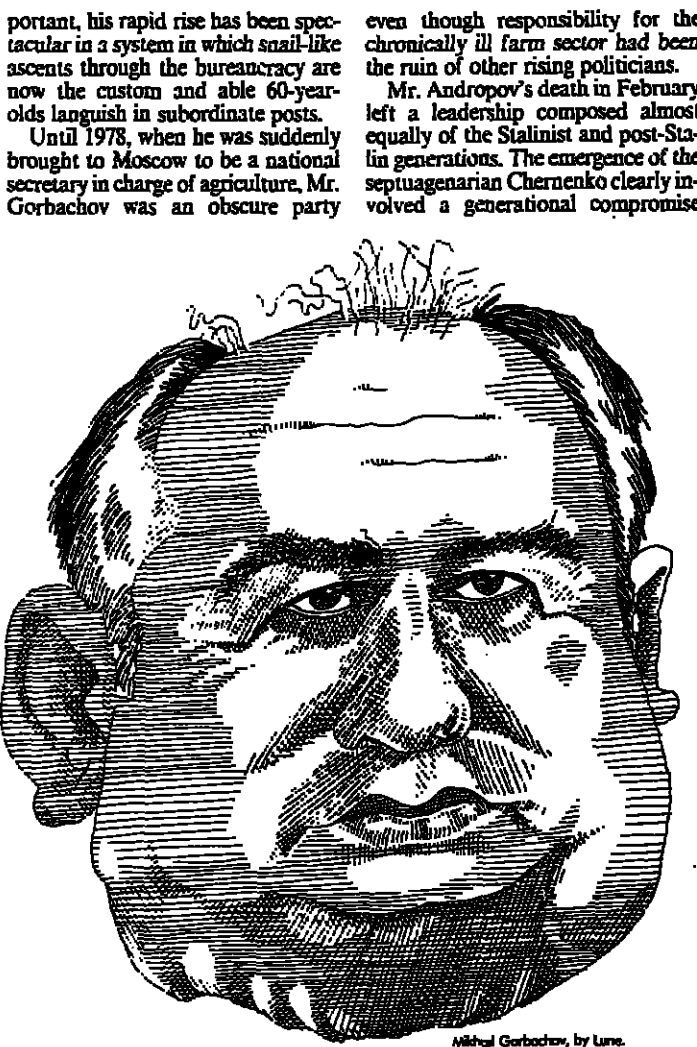
Reformers believe that the only solution to the country's economic problems is fundamental change toward decentralized management, more incentives for industrial workers and a larger role for private enterprise and other market factors in agriculture and in consumer services.

They are now convinced that such reforms are politically impossible until the reigning generation of leaders, enfeebled men in their 70s who began their careers under Stalin, are replaced by a vigorous post-Stalin generation that is less tied to the past, better educated and thus more competent to govern in the 1980s.

Equating generational change with policy change, reformers are counting on Mr. Gorbachov, even though the extent of his innovative views remains concealed behind the outward conformity of "collective" leadership. In various public and private ways, he has indicated a preference for several of their proposals.

According to reports, Mr. Gorbachov has privately expressed interest in Lenin's "new economic policy," which marketized the entire Soviet economy of the 1920s. Changes of that kind, introduced in Eastern Europe since the 1950s and now under way on a large scale in China, are the real goal of many Soviet reformers.

But it is Mr. Gorbachov's unusual political career that really captivates reformers. With degrees in law and agronomy he is, at least formally, the best educated member of the Soviet leadership since the 1920s. More im-



Mikhail Gorbachov, by Lurie.

portant, his rapid rise has been spectacular in a system in which snail-like ascents through the bureaucracy are now the custom and able 60-year-olds languish in subordinate posts.

Until 1978, when he was suddenly brought to Moscow to be a national secretary in charge of agriculture, Mr. Gorbachov was an obscure party

even though responsibility for the chronically ill farm sector had been the ruin of other rising politicians.

Mr. Andropov's death in February left a leadership composed almost equally of the Stalinist and post-Stalin generations. The emergence of the septuagenarian Chernenko clearly involved a generational compromise

Mr. Gorbachov is in a strong position to become the next Soviet leader.

But the risks inherent in the position are almost equal to its powers. Number-two Soviet leaders have fared less well than have American vice presidents. Neither Stalin, Nikita Khrushchev nor Andropov ever occupied that position. Brezhnev became Khrushchev's heir apparent, but he succeeded only because others had fallen by the way and because he supported Khrushchev's overthrow.

Mr. Gorbachov is already the target of rival pretenders and powerful groups with different policy interests. His opponents managed, for example, to downplay his pivotal role at the Central Committee meeting that selected Mr. Chernenko. And he did not even address the Central Committee plenum on agriculture last month, which endorsed policies unlike his own. Anti-Gorbachov forces, it seems, are rallying behind Mr. Romanov, a more conventional, hard-line politician with strong ties to the military industry lobby and who is widely disliked by reformers.

Even if a reform-minded Gorbachov does one day emerge as general secretary, he will not automatically have the power to carry out meaningful economic changes against conservative opposition throughout the system. Unlike U.S. presidents, every general secretary has needed at least five years to consolidate power and build personal authority. And no Soviet leader since Stalin has been able to impose his personal policies on the Politburo, which has grown into an executive council representing a variety of vested interests, or on the administrative bureaucracy that must implement any policy changes.

Nor will Mr. Gorbachov actually have the full support of his generation. Because of the extreme aging of the governing elite during Brezhnev's 18-year rule, generational conflict is playing a far greater role in Soviet politics today than ever before. But there is no united political generation—in the Soviet Union or elsewhere. Generations may rise to power, but once there they are always divided by conflicting ambitions, values and perspectives on the status quo.

The post-Stalin generations, which found a patron in the much older Andropov, will be no exception. A recent Western study found that Mr. Gorbachov's contemporaries at the level of provincial party secretaries, from whom will come the next ruling elite, are polarized with respect to existing policy—that is, between conservatives and reformers.

None of this means that another era of reform from above, as occurred under Khrushchev, is impossible. What it means is that the solution does not lie in generation change alone, and that, like the chimerical savior in Beckett's "Waiting for Godot," Gorbachov may not come.

making Mr. Gorbachov the second-ranking member of the Secretariat. Full membership in both the Politburo and the Secretariat has always been a prerequisite for becoming general secretary. Since only one other oligarch, 61-year-old Grigori Romanov, currently has that qualification,

other than a totalitarian state. Heavy-handed, excessively conditional diplomacy sought to squeeze local circumstances to fit the big circles' global strategies. The result was disastrous. It weakened the democratic alternative and hastened, if not created, the Communist revolution.

Expectations of rightist military deliverance were as useless then as they have since proved elsewhere. Is it too much to expect that remembrance of things past should enlighten modern policy making?

The writer is author of "The Deadly Secret of Karl Marx." He contributed this comment to The New York Times.

The writer is professor of politics at Princeton University.

Petrograd 1917: Some Awaited Wilson

By Ralph Banzljets

NEW YORK — Through avoidable misjudgments, many of which are similar to current policies, the United States was an indirect partner in the Communists' ascent to power in Russia in 1917.

Conditions in the czarist empire, together with disenchantment at prolonged involvement in World War I, provoked spontaneous mass outbursts leading to the abdication of Nicholas II on March 15, 1917. Given the unresponsive nature of a system that had outlived its utility, this revolution was probably inevitable. The Bolsheviks did express a major part in the czar's overthrow. Most of their leaders were in exile and returned only afterward.

A provisional government was eventually organized. Alexander Kerensky, a parliamentary Socialist, became its dominant figure and prime minister. He inherited a desperate situation—confusion on the battlefield against Germany, the Bolsheviks' rising challenge, an empty treasury. Yet the provisional government enjoyed initial popularity, largely because of liberal reforms and of hopes that it could arrange a speedy peace with Germany. A European type of parliamentary democracy appeared to be Kerensky's eventual goal, and it seemed to be within his reach.

But the financial crisis escalated. To avert bankruptcy, the government sought assistance from allies—America, Britain, France, Italy. Woodrow Wilson sent a mission to assess conditions and discuss aid. Its members were unsuited to the task.

The key personality and leader was an elderly former secretary of state, Elihu Root. A conservative Republican, Root undertook his assignment with reluctance, a patronizing attitude toward Russia and ignorance of changes taking place there. After the mission reached the capital, Petrograd (now Leningrad), Root talked extensively with the Kerensky administration but made no serious effort to contact non-establishment

groups such as the Bolsheviks. After three weeks he was prepared to recommend loans and credits. But there was one key condition: Russia must continue to fight Germany.

Leaders of the provisional government argued that the existence of their regime depended on making peace. Root was adamant: No fight, no loan. Other allies backed him. To survive financially, the provisional government agreed. All told, American credits came to \$325 million, of which \$185 million was disbursed.

Kerensky launched a new offensive against Germany in July. After initial successes, Russian troops retreated in disarray. The domestic political consequences were instant.

Confidence in the provisional government plunged. The Bolsheviks gained and became a major force. But the allies still urged war efforts and expressed alarm at increasing radical, anti-war influences. In August, the United States and its European friends decided to abandon the Russia of the March revolution. The liberal, parliamentary option was foreclosed. The allies expected power to pass to a strong, rightist military dictator who would prosecute the war and contain radicalism.

There are lessons for American diplomacy in this episode.

Obsolete regimes collapse of their own decay. The March 1917 revolution was unavoidable. But with a little understanding of local conditions and political culture, this revolution might have evolved into something

other than a totalitarian state. Heavy-handed, excessively conditional diplomacy sought to squeeze local circumstances to fit the big circles' global strategies. The result was disastrous. It weakened the democratic alternative and hastened, if not created, the Communist revolution.

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That Walk in the Woods

Regarding the opinion column "Questions Democrats Must Face" (Nov. 2) by Eugene V. Rostow:

Mr. Rostow, who was director of the Arms Control and Disarmament Agency at the time, supporting President Reagan's debating assertion that "America did not reject the 'walk in the woods' approach." In plain language that means that America accepted the compromise formula of 75 land-based medium-range launchers in Europe for both the United States and the Soviet Union, with a maximum of three warheads each, to comprise any of the existing types except the Pershing-2.

Mr. Rostow implies that the formula is still acceptable to the United States. If that were true, it should be officially confirmed. Yes or no?

JULIE DAHLITZ, Bradford, England.

Democracy's the Weapon

It is a great irony that media coverage of the inquiry into the assassina-

tion of Benigno Aquino should appear at the same time as the CIA manual that apparently recommends just that type of assassination. Public protests in the Philippines over the Aquino assassination, supported by indignation around the world, provide a dramatic demonstration of the fallacy of the type of action apparently recommended by the CIA.

Measures such as assassinations or the mining of harbors (as in Nicaragua) destroy the democracy that they are erroneously presumed to protect. Respect for justice and trust in government suffer insidiously but severely. Such measures are completely contrary to the fundamental principles upon which democracy is built. The true strength of the United States rests on the grass-roots democracy of a people who can trust their government to support those principles.

Ultimately, neither communism nor right-wing dictatorship can stand up to popular aspiration for democracy if it is sincerely and actively championed by the United States. Instead of terror tactics, America need only let its people carry democracy to countries beset by death

Watch Out For Jesse At the Helm

By James Reston

WASHINGTON — Consider the dilemma of Jesse Helms, the conservative Republican senator from North Carolina. Under the seniority rules of the Senate, which assume that if you are older you are wiser, he can choose to remain as chairman of the Agriculture Committee or switch to the chairmanship of the Foreign Relations Committee.

As chairman at Ag, he could keep his promise to defend the state's tobacco growers against the suspicion of his own Republican administration that tobacco is an evil weed that might be injurious to your health.

As chairman of the Foreign Relations Committee, he would know in advance the president's foreign policy proposals and would thus be forewarned about any effort that Mr. Reagan might make toward a compromise on trade or nuclear weapons with the Soviet "evil empire."

Jesse would be the best man for the job. He could give the chairmanship of Agriculture but still stay on that committee and ask to preside over a subcommittee on tobacco. Then he could move over to Foreign Relations with a new staff of experts and speech writers and have his say privately and publicly on the foreign policy of Mr. Reagan's second term.

This is the sort of thing that gives George Shultz fits in the night, but the decision is now in Jesse's hands. He is not deterred by the liberal tradition of Frank Graham or Bill Friday at the University of North Carolina or Terry Sanford at Duke, or by the opinions of the newspapers along the Piedmont that are on to his tricks.

In fairness to Jesse, he never pretended to be anything but what he is: a radical conservative, a tireless supporter of the commercial interests of his state, anti-intellectual, violently anti-Communist and a brilliant practitioner of all the negative rules and filibustering tactics of the Senate.

These he used against many Reagan policies and appointments during President Reagan's first term, without pretense or apology. He opposed and held up ambassadorial and cabinet appointments he didn't like. He intimidated Charles Percy, the chairman of the Foreign Relations Committee, and he defied the president and the secretary of state.

He even managed to get 22 U.S. ambassadors to come out for his re-election, breaking the first rule of diplomatic courtesy. The president tolerated this affront with the lame excuse that his obedient ambassadors were merely exercising their First Amendment rights of free speech.

So in a way the joke is on an administration that vilified Jesse in private and defended him in public, and is now stuck with him for those famous "four more years."

Maybe Jesse will let them off the hook and keep his promise to defend the tobacco lobby at Agriculture, but nobody in the Senate counts much on his promises. He will do what is best for Jesse, and much will depend on what other senators do in the fight to replace Howard Baker of Tennessee as Republican leader of the Senate.

If Bob Dole of Kansas, Ted Stevens of Alaska, James McClure of Idaho, Pete Domenici of New Mexico or Richard Lugar of Indiana could make it—and the bets are on Senator Dole—Jesse might choose to switch to Foreign Relations.

But if Senator Lugar should lose and take over from Senator Helms at Agriculture, where he is not noted as a staunch defender of tobacco, the chances are that Jesse would not be amused and would stay where he is.

President Reagan and Secretary Shultz would rather see Senator Lugar as chairman of Foreign Relations than Senator Helms or anybody else, but this is beyond their control and Jesse will have the last laugh.

The irony of all this is that, considering how the election turned out in Congress, the president is not likely to have his way on domestic economic policy and will have to turn to foreign policy as his main hope for success in his second term.

That means trying to get a compromise with the Russians on the control of nuclear weapons, some kind of reconciliation in the Middle East and a cease-fire in Central America. And that in turn will take settlement of differences in the administration, a new consensus between it and Congress and a reappraisal of Mr. Reagan's policies with the Soviet Union.

So the president and his aides hope that they won't have to face Jesse Helmsman at the Foreign Relations Committee for four years.

The New York Times.

LETTERS TO THE EDITOR

That Walk in the Woods

Regarding the opinion column "Questions Democrats Must Face" (Nov. 2) by Eugene V. Rostow:

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Democracy's the Weapon

It is a great irony that media coverage of the inquiry into the assassina-

squads and guerrillas. The Philippine example of public action shows how powerful democratic forces can be once they are unleashed.

JAMES E. GANDER, Bangkok.

Is Reagan in Charge?

Regarding the opinion column "Who Is Covering Up, and What?" (Nov. 1) by George F. Will:

American intelligence services are part of the executive branch headed by Ronald Reagan. Why doesn't Mr. Will suggest that the president sit down with his intelligence chiefs to go over their shortcomings? Mr. Reagan is in charge, isn't he?

A cover-up by American intelligence agencies of involvement in the Evil Empire in the attempted assassination of the pope allegedly took place on Mr. Reagan's watch. How can Mr. Will argue that Mr. Reagan can contain the Evil Empire, if he can't control his own subordinates in the intelligence agencies?

HARVEY N. WINCHESTER, Needham, Massachusetts.</

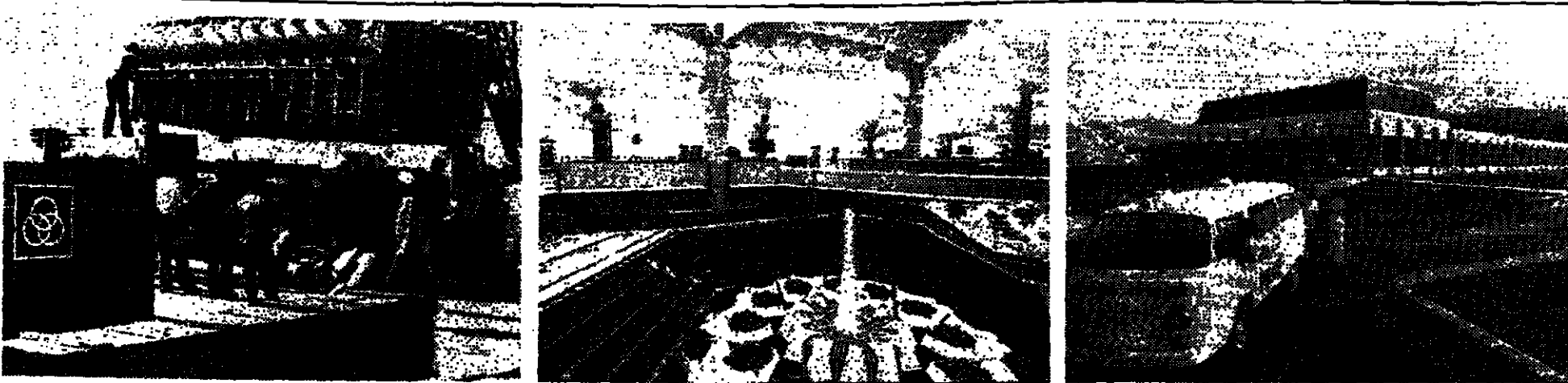
Herald INTERNATIONAL Tribune

CONSTRUCTION IN THE ARAB COUNTRIES

A SPECIAL REPORT

FRIDAY, NOVEMBER 16, 1984

Page 9



WORK IN THE GULF: From left, West German equipment being unloaded in Saudi Arabia; center, Riyadh's King Khaled Airport and the Royal Oman Police Hospital.

In the Gulf, 1984 Is Year of Survival for Many Companies

By Robert Bailey

LONDON — For most contractors operating in Saudi Arabia and other Gulf states, 1984 has been a year of survival.

Awards of new work and payments for projects in hand have slowed, and for foreign companies there has been the added challenge of officially encouraged competition from local firms.

The next 18 months, however, will see publication of a number of new economic plans, and these, particularly Saudi Arabia's fourth five-year plan, will be important pointers as to whether hints of recovery in the last six months will lead to sustained new growth in the developing world's richest source of building contracts.

The most disturbing aspect for foreign companies is the increasing pace of protectionism throughout the Gulf.

In 1983 Saudi Arabia's Council of Ministers approved a resolution declaring that "all non-Saudi contractors shall assign to Saudi contractors not less than 30 percent of the works provided for in their contracts."

Finance and Economy Ministry guidelines issued in August tightened the rule to encompass all joint ventures irrespective of the size of the Saudi holding company.

Previously the rule had been interpreted to mean that a company majority-owned by Saudis did not have to subcontract 30 percent of its work to wholly Saudi companies.

Local companies have also benefited from last year's rule opening state contracts to public bidding, thereby turning over an already declining market to a greater number of contractors, mainly Saudi. It is a move that has inevitably forced down prices.

Figures compiled by Aramco's Local Industrial Development Department show 1983 as the worst year for building activity since the department started monitoring construction activity in the kingdom in 1975. But despite the slowdown, Saudi Arabia is still the biggest construction market in the Middle East.

Major projects, notably in the military sector, continue to go ahead. Others that have recently been approved include a \$2-billion international

airport for Eastern province, a 500-bed hospital at Hama, also in Eastern province, for the National Guard, and a 160,000-barrel-a-day oil refinery near Buraydah. There are also renewed plans for a refinery of similar capacity at Shuqaiyah in Asir province and a lube-oil base stock plant at Yanbu. The main construction project for the oil industry concerns a \$2-billion-plus plan to build a 500,000-barrel-a-day pipeline through the kingdom for Iraq's State Organization for Oil Projects. A \$510-million contract to begin construction has been awarded to an Italian-French consortium.

In spite of local competition, therefore, foreign groups still have considerable work opportunities (Continued on Next Page)

After the Boom: Good Years Ahead In Healthy Market

By Julian Nundy

CAIRO — The Arab world's construction boom has abated, but the market is still one of the world's largest.

The ambitious projects of the last few years are being replaced by ventures of lesser scope, and more attention is being paid to maintaining construction that is already in place. This more modest approach to development has been a result of the oil glut and falling oil prices, as well as a rapid fulfillment of basic infrastructure needs during the boom years.

But the construction business in the Middle East remains active and analysts foresee opportunities for many years, particularly when conflicts such as the Iran-Iraq war and the strife in Lebanon end, opening the way for large-scale reconstruction.

One example of the fall-off in building has been in Saudi Arabia, where in 1983 the industry recorded its worst year since 1975. The value of Saudi Arabian contracts fell 59 percent from the previous year. And there was a fall of 40 percent in the first five months of this year from the corresponding period in 1983.

Despite the drop, Saudi Arabia still allocated \$21 billion to construction in the fiscal year 1984-1985 and this figure is expected to rise to \$24.31 billion in 1987-1988.

One of the consequences of belt-tightening in the area has been a tendency to turn increasingly to local contractors, to the detriment of foreign companies. The value of work carried out by Arab contractors rose about 20 percent a year between 1963 and 1980, according to one report.

But Antoine Zahlan, a leading Arab labor and technology consultant, said local companies still had only 25 percent of the building projects carried out in the Arab world in the past 20 years.

Last year, Saudi Arabia ruled that foreign contractors had to ensure that at least 30 percent of their subcontracting work went to local companies. Similar measures to protect local business were taken in Kuwait and the United Arab Emirates.

But the problems and needs of the region are diverse. Far from the Gulf, Egypt, with its overpopulated Nile valley, is fighting to rebuild an infrastructure, particularly the sewer and water systems, that is at breaking point in the major cities. It also has a chronic housing

problem and has diverted attention into low- and medium-cost dwellings. Egypt has a large local work force, but often does not have enough skilled engineers and managers.

The Gulf countries, where locals are often outnumbered by immigrants, lack even unskilled labor, and this has led to an influx of building companies bringing their own workers.

One by-product of this has been that, while foreign engineers have trained Egyptians in skilled trades, many of the Egyptians have merely taken advantage of their new skills to leave Egypt and find more profitable work in the Gulf, and their instructors have to find new trainees.

Another issue has been cash. While the Gulf countries still have healthy reserves, Libya has had trouble paying for an extensive road network through the desert because of falling oil revenue.

Egypt relies heavily on international aid for its projects. Lebanon, trying to embark on a reconstruction program despite continuing conflict, complains that aid money that has already been promised has not arrived while its economy has gone into severe recession.

In the lucrative Gulf market, a recent report by the United Gulf Bank said the emphasis on construction would be toward medium-scale industrial activities and housing.

One statistic that shows the level of construction that was under way until recently is the high per-capita consumption of cement in the Gulf.

According to the Paris-based European Cement Association, the worldwide average per-capita cement consumption was 189 kilograms in 1982. In the United Arab Emirates, the figure was a staggering 3,500 kilograms, while Bahrain, the most modest consumer of the conservative Gulf states, has a consumption of 720 kilograms.

The United Gulf Bank said the slowdown in construction had particularly hit Kuwait — partly because of a "negative psychology overshadowing overall economic activity" — and Qatar.

In Qatar, with a population of 250,000, the government organization handling public works has laid off more than 40 percent of its workers. The country's 1983-1984 budget devoted \$170 million to (Continued on Next Page)

Most of Big Military Projects In Region Near Completion

LONDON — Most of the major military construction projects in the Arab world, which have accounted for such a huge proportion of the defense budgets of Saudi Arabia and other Gulf Cooperation Council countries in the last few years, are nearing their final phases of development.

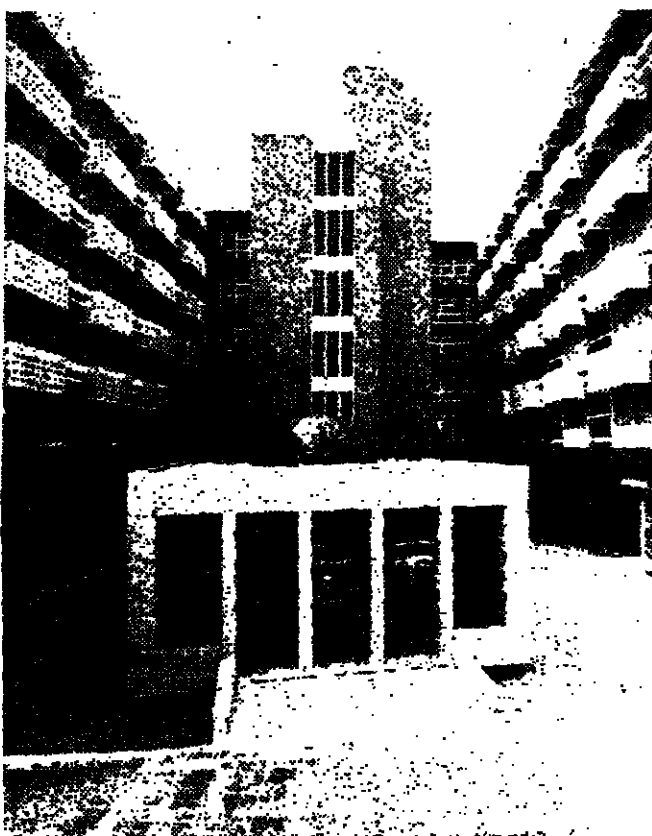
In a region that lacked infrastructure, there were few easy or cheap solutions. Saudi Arabia alone will spend about \$22.4 billion on defense and security this fiscal year. The military budget, which represents 30 percent of total national expenditure, illustrates Saudi demands for rapid improvement of its military capacity. The kingdom's armed forces' infrastructure is being built up mainly under the supervision of the U.S. Army Corps of Engineers. The work principally relates to a series of air defense procurement programs known as Peace Hawk, Peace Sun, Peace Sentinel and Peace Shield.

The corps' engineering assistance program in Saudi Arabia will be 30 years old next year. The corps has acted as the kingdom's agency for contracting, design and construction of designated projects.

The first result of the agreement was the building of an airfield at Dhahran in 1951. From this modest beginning, the corps' programs in Saudi Arabia have grown until they are valued at more than \$16 billion. About 40 percent of currently scheduled work has been completed mainly by South Korean and local contractors.

Peace Hawk has involved providing 110 Northrop F-5 fighter planes in the last eight years. Sixty-two McDonnell Douglas F-15 fighters have also been delivered since 1979 under the Peace Sun program. More fighters and Boeing KE-3 in-flight refueling planes are soon to be delivered as well as five E-3A airborne warning and control system aircraft, or AWACS, the latter as part of the Peace Sentinel program.

In order to accommodate the increased range of equipment a network of airfields and army bases has had to be developed on a turnkey basis in a desert country the size of Western Europe. The first of (Continued on Page 11)



Qatar's new Hamad Hospital.

Gulf's Economic Slowdown Is Hurting the Local Firms

By Sarah Scargier

LONDON — Contractors throughout the Gulf, both local and foreign, have borne the brunt of the slowdown in Gulf economies. Foreign contractors are to some extent cushioned, as they can turn elsewhere, though many, particularly Indian and South Korean, had come to depend heavily in the 1970s on the enormous number of construction contracts available in the Gulf. And for local companies, life has become much harsher.

The Gulf Cooperation Council is beginning to open up the region to the larger and better-organized local companies, but most have not yet acquired the requisite level of organization. All have been hard hit by delayed payments on government contracts as ministries try to meet budgetary restraints. There is also a new tactic, becoming common in the United Arab Emirates, for instance, in which the government calls for tendering; it postpones signing contracts and can bring handsome discounts.

Competition is intense, especially at the bottom end of the scale. At

the top end, local companies often have a variety of arrangements with foreign contractors; one local may be in joint ventures with different partners, according to the expertise required. Foreign contractors are also sometimes called in to supervise projects awarded to locals. Sometimes — as in the Emirates, where Bovis International is supervising the local company Zappia — it is at the request of a local bank.

The biggest contracts are for the military, a budget item that is never cut. Oman, the Emirates and Bahrain have big military contracts either under construction (but with new tenders being published regularly) or in the pipeline. Such contracts often go to joint ventures, with foreigners offering specialized expertise and technology.

The problem of a decrease in contracts would have arisen even without the reduction in revenue, because, outside Oman, the infrastructure of most Gulf countries is more or less complete. Office con- (Continued on Next Page)

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A SPECIAL REPORT ON CONSTRUCTION

1984 Is Year of Survival For Many Firms in Gulf

(Continued From Previous Page) in Saudi Arabia, particularly in the more technical aspects of construction projects and in the burgeoning field of operations and maintenance. It has been estimated that one year's operation and maintenance in the harsh environment of Saudi Arabia can cost 10 percent of the original price of a construction project. However, because of structural changes taking place in the Saudi economy, however, that are likely to emphasize consolidation and only carefully defined expansion, only companies with a sound financial base are likely to have a long-term future in the kingdom.

Kuwait also wants to maximize the already well-developed role of its own contractors. The National Housing Authority has awarded contracts solely to local companies since 1982. A number of companies are also well-established internationally, such as al-Kharrat, which does 40 percent of its work abroad.

The Kuwait Chamber of Commerce & Industry has proposed that contracts be awarded to local companies, regardless of price, "within reason." Also suggested have been regulations demanding that contracts, if they have to go to foreign companies, require that at least 40 percent of subcontracted work be given to locals.

The calls for protection in Kuwait reflect a downturn in a market lacking confidence since the collapse of the unofficial stock market and worries about the Gulf war. But the larger foreign companies that are already established and may be able to minimize mobilization costs by moving equipment from project to project are likely to be attracted to a country that has a tradition, at least at a state level, of paying cash for its purchases.

For Qatar this year has been a period of slow recovery from 1983's unrelieved recession. Following the recent signing of an agreement to develop North Field gas reserves and revival of the 1,500-megawatt al-Wusayl power and desalination project, the country's construction

sector can look forward to major project work.

The sector is almost entirely dependent on state projects. The main clients are the Technical Office of the Emir (for showpiece developments such as Qatar University), Doha Municipality and the newly constituted architectural engineering department.

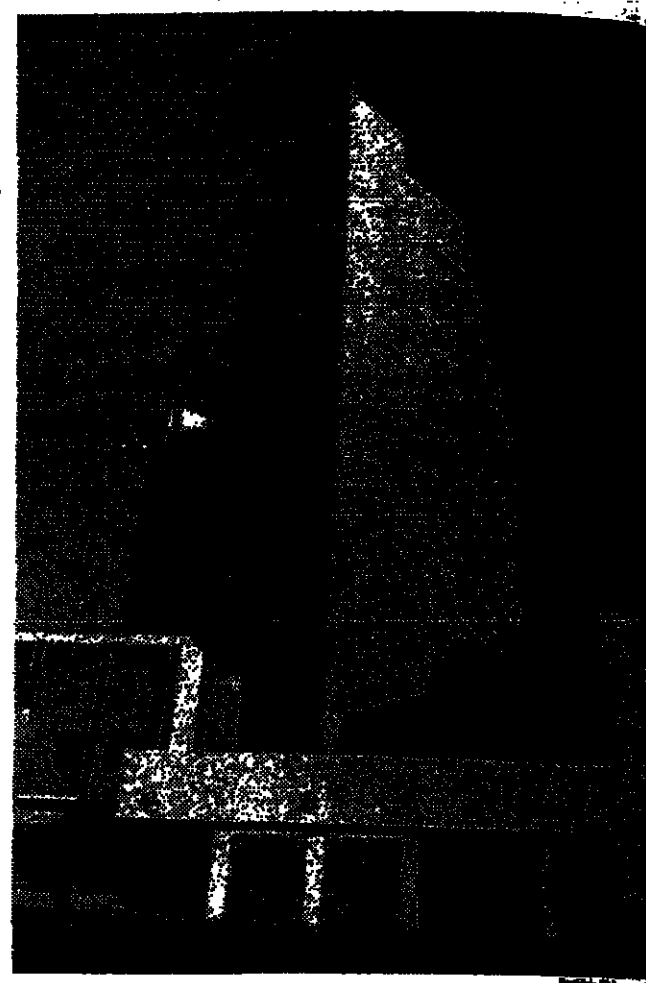
Apart from expansion of utilities and petrochemical plants, the military sector seems likely to be highlighted by government budget planners in the new year. The private sector, however, will need evidence of long-term growth plans before it in turn commits investment to projects such as Doha's West Bay development, which is intended eventually to accommodate 70,000 people.

Long-term attitudes are also jaundiced in the United Arab Emirates, where payment delays and stop-go policies toward major projects have depressed the construction sector. The market, though still substantial, is reliant also on the level of government spending for its vitality.

The first phase of the 1.2-billion-dirham al-Ain international airport is due for completion in 1985. A substantial source of present and future work is also the 8.9-billion-dirham Transportation and Roads Improvement plan, which involves an extensive expansion and revision of Abu Dhabi's road network. Three bridges, including the 1.3-billion-dirham Sadiyyat bridge, are expected to be among the largest of more than 70 contracts awarded for the project. With less money to spend, however, many projects have been reduced in scope in all sectors, including the Suwaidan military project and the Tawilah power station, which has been scaled down from 3,000 megawatts to 210.

The oil sector is still a major source of construction work. The biggest plan at the moment is a \$500-million pipeline from the Habshan oil field to the southwest of Abu Dhabi city and on to Fujairah. The pipeline would be designed to carry all of Abu Dhabi's daily output, bypassing the vulnerable Strait of Hormuz.

A new pipeline may also feature in Oman's next development plan, linking Saudi Arabia and Salalah in the sultanate's southern Dhufar province. Oman has weathered the last two years of recession better than other Gulf states, and further substantial military work is envisaged, as well as road improvement. Major sewerage projects for Muscat and Salalah are also expected to be featured in the plan, with the capital area receiving an estimated 200 million rials for urban renewal projects. Extensions to the univer-



The new Dubai Hospital in the United Arab Emirates.

sity and Russayl industrial area are also likely.

Bahrain's construction scene in 1985 will be dominated by completion of the 25-kilometer (15.5-mile) causeway carrying a four-lane highway from the west coast of Bahrain across Umm Naman island to al-Khubar in Saudi Arabia. The \$564-million project could eventually be followed by a similar project to link the island with Qatar. This could follow a suggested land reclamation plan at Fasht al-Adhm, east of Strah, which would provide the starting point for the additional causeway. If the plan does get early approval it will be an important confidence boost to the entire region.

West German Firms Now Seeking New Markets

By Pearl Marshall

BONN — As opportunities shrink for international companies in Saudi Arabia, the Middle East's most rewarding construction market, West German contractors are looking to other markets and working on developing new marketing concepts.

The Far East is one of the more promising areas, despite competition from the Japanese and South Koreans. West Germany's Hochtief, for instance, joined forces last year with Australia's Leighton to pursue larger projects in the region. "We leave it to them to follow the smaller tenders," said Helmut Scholz, managing director of Hochtief's overseas division, "and we are giving them know-how whenever they need it."

As far as Saudi Arabia is concerned, Hochtief has had little success in tendering recently, Mr. Scholz said. The kingdom increasingly favors local contractors and is more strictly enforcing a government ruling that at least 30 percent of any contract be offered to local companies. "It would be only natural to expect that a price advantage might be given to Saudi contractors at some point in the future," Mr. Scholz said.

The trend by foreign companies to form joint ventures with Saudi partners in order to gain certain preferences had led to a situation where perhaps too many such companies were in existence, Mr. Scholz said, adding that "not all of them are really alive and active."

"We know already that some

have gone bankrupt or gone out of business," he said. Looking ahead, he said he thought the Saudi government might decide to discourage formation of such ventures, to strengthen the 100-percent Saudi-owned companies.

With Saudi Arabia's infrastructure mostly completed, West German contractors see future construction mostly following the lines of that in a developed, industrialized country. "The construction boom of the late '70s is definitely over," Mr. Scholz said.

With Iraq and Iran at war, and the Libyan market limited because of a general lack of credit insurance coverage by West Germany's Hermes Kreditversicherungs agency, the three main markets for West German contractors in the Middle East and North Africa are offering fewer and fewer opportunities. Companies are looking to South America and black Africa as well as the Far East.

This year the Middle East and North Africa will account for about 70 percent of the expected 3.6 billion to 4 billion Deutsche marks in overseas orders for German construction companies — only a third of what they received when the boom peaked in 1981. At that time the region was supplying 80 percent or more of their total overseas earnings of 12.1 billion DM.

"This year's figure might be a little more than 1983's — last year's total was 3.6 billion DM — but, in real terms, deducting for inflation, it will be just about the same," said Rolf Bollinger, managing director

of the West German construction industry association, Hauptverband der Deutschen Bauindustrie. "What we are seeing is a stabilization of the market at a lower level."

For individual companies the drop in orders has been dramatic. For instance, Philipp Holzmann of Frankfurt, a leading construction company in the region, won 887 million DM in overseas contracts, excluding the United States, in the first seven months of this year, most of them, as in the past, in the Middle East and North Africa. In 1982 the company won contracts worth 3.2 billion DM.

Philipp Holzmann's contracts this year include turnkey construction of a hospital in Damascus, an irrigation project in Somalia, some amendments to previous contracts in Saudi Arabia, and subcontracting work in Iraq for the China State Construction Engineering Corp.'s barrages on the Euphrates. This involves planning, engineering and delivery of special materials for marine work.

Iraq accounted for much of the boom for West German companies in the late 1970s and early 1980s, providing just under half, or 5.5 billion DM, of total overseas orders in 1981. But the Gulf war brought an end to the bumper crop of contracts. Orders dropped off significantly in early 1982, to 700 million DM, and Mr. Bollinger said, "We have not had any new contracts from Iraq since."

Because of the war, Iraq has sought refinancing for some of its projects. To allow work on these to continue, Bonn agreed to allow

Hermes — a private corporation authorized by the state to provide normal export credit insurance — to cover credit negotiated with commercial banks. This refinancing, done on a contract-by-contract basis, totaled about 1.5 billion DM last year and will be about 1.4 billion in 1984.

West German companies hoped that Saudi Arabian construction would keep the market alive in the region as Iraqi business fell. Saudi Arabia provided half of new overseas orders, or 1.8 billion DM, last year. "But if you compare that figure to previous years, when sometimes it was 6 billion DM or more, you can see it's at a very low level," said Mr. Bollinger. "Saudi Arabia will remain one of our most important markets, but with business much more difficult than it was in the past."

Because of the importance of the Saudi market and the growing tendency by Saudi Arabians to award contracts to joint ventures rather than directly to foreign companies, many West German contractors have formed subsidiaries or joint ventures in the kingdom.

Philipp Holzmann, for instance, has four subsidiaries there for different kinds of work, as well as its branch office in Riyadh.

Even medium-sized companies, such as Gustav Epple of Stuttgart, have jumped on the joint-venture bandwagon. "Everybody has got to have a Saudi partner these days," said a company spokesman. "In our case, Gustav Epple Arabia Ltd. is 40 percent German and 60 percent Saudi Arabian. We registered it in Riyadh the end of May."

Gulf's Economic Slowdown Is Hurting the Local Firms

(Continued From Previous Page) awarded to Saudi Oger, one of the largest Saudi contractors. Speed is said to have been an important factor in choosing the contractor.

In Kuwait, economic activity has been stifled since the crash of the parallel stock market, and the private sector has been particularly wary of putting its hands in its pocket. The government is committed to reviving the construction industry, which had been the one sector of the economy in which private entrepreneurs were prepared to invest; what little private industry there is has tended to concentrate on building materials. There is also some demand in the housing market.

The contracting market is highly competitive, with some ludicrously low bids. There is a lot of redevelopment in Kuwait city: in the center around Safat Square, including several tower blocks; at the Mishk conference complex; parking of the edge of town; road construction to ease traffic congestion; and the huge Fintas Center, a shopping/hotel center with parking, whose cost has been estimated at \$135 million to \$168 million.

Saudi Arabia, by its sheer size, still has the most to offer its contractors. The Aramco gauge — the local industrial development department's monthly assessment of construction awards — has indicated a slight improvement in the last few months. But overall activity is about 30 to 40 percent lower than it was a year ago and construction spending is still falling. Several Saudi contractors have gone bankrupt because of delayed payments. The latest to have trouble is the U.S.-Saudi venture Carlson al-Saudia, which has had problems with payment delays on its housing contract for King Saud University.

The Riyadh Development Authority has several big projects pending, including one for a nature park near Riyadh, which has gone to the local company Omrania and three West German companies. Other Riyadh projects are in the diplomatic quarter, a long way from completion. There is also the construction of the king's office and majlis al-shura, or consultative council of prominent citizens, a \$1.1-billion contract recently

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A SPECIAL REPORT ON CONSTRUCTION

Taking the Risks to Rebuild Lebanon

BEIRUT — Fares Soubra has rebuilt his factory twice and is pondering repairing it a third time.

His company, Styrofoam Middle East, makes Styrofoam cups and containers. Its plant is at Shweifat, in the hills south of Beirut.

Shweifat, once home to 102 factories, was hit by Israeli planes during Israel's 1982 invasion of Lebanon. It was in the front lines of battles between Druze Muslims and Maronite Christians in September 1983 and again this year during fighting for control of the area.

The plight of the town and its industries points up the main dilemma in the reconstruction of Lebanon after almost 10 years of strife: finding projects worthy of reconstruction that stand a chance of not being knocked down again in future conflicts.

Malek Salam, president of the Council for Development and Reconstruction, said: "We are concentrating on projects that can be carried out without waiting for complete law and order."

The council, a government agency set up in 1977, has the awesome task of deciding where available funds should go and deciding between people's immediate needs and long-term rehabilitation.

The agency recently reported that the reconstruction program it wants to see undertaken would cost about \$33 billion and take 10 years.

Despite the difficulties, some ambitious rehabilitation projects have been started, mainly aimed at restoring Lebanon's infrastructure.

Mr. Salam said the council had supervised the restoration of 400 schools at a cost of 60 million Lebanese pounds and had plans to work on 600 more.

Officials at the council said schools were being treated as a priority, largely because of the psychological danger of having Lebanese youth unemployed.

Other projects include restoring sewage systems, setting up credit programs for loans for new homes and to repair damaged buildings — work that is concentrated in the private sector — as well as road rebuilding and repair work to the country's main Beirut port.

A total of 600 million pounds has been spent on the road program. Lebanese officials point with pride to the fact that the new roads are being constructed with sewers, water pipes, electricity cables and telephone ducts in place, so as to avoid costly and damaging excavation in the future.

One of the most striking examples of Lebanese reconstruction is work that has been carried out in Beirut's commercial center, the devastated district through which the Green Line, which divides the Christian east from the Muslim west, runs.

Peopled on and off for the last nine years by snipers and other fighters with artillery and heavy machine guns, the district, with its earth barricades and shattered, honeycombed buildings, came to symbolize the destruction in Lebanon.

Soon after the initial bout of fighting ended in 1976, the Lebanese authorities adopted a futuristic plan for rebuilding the city center that would have meant the loss of most of its picturesque Levantine buildings. Now, after engineers' reports, the emphasis is on recovering all that is possible.

The work that has been completed is impressive. Shell holes have been filled and covered over, building facades have been restored and shored up and parts of the district have regained their former elegance. Officials say that 45 million pounds has been spent on the restoration and that a total of one billion is needed.

But the project, which has done much to boost morale, is proceeding only very slowly.

Oger Liban, the country's largest construction company, had to withdraw its engineers and workers during renewed fighting along the Green Line earlier this year. Although the fighting has stopped, company officials said they would not send back full work teams until there were firm signs that peace would last.

Oger Liban is involved in an ambitious project in south Lebanon, which is under Israeli occupation. Oger's owner, Rafik Hariri, is financing with his own money the construction of a town called Kfar Falous in the hills above the port of Sidon.

The complex, designed with the aim of improving facilities in an otherwise underdeveloped region, is intended to accommodate 15,000 people by 2000. A 360-bed hospital, designed to become a teaching hospital, is already operating.

Construction of a nearby vocational school stopped in April 1983, however, because the Phalangist Lebanese Forces militia there halted the project. Political sources said they feared that Kfar Falous would bring an influx of Muslims into what they consider a Christian area.

South Lebanon is the region that Lebanese officials say needs the most help after the fierce battles that marked the Israeli Army's arrival in the area in 1982.

But Mr. Salam, the reconstruction council president, said: "Access in the south is very difficult. The work that is done there is done through UNICEF under our guidance. The area was underdeveloped before and has been under great stress and strain."

If war and occupation were not difficulties enough, the Lebanese are going through a severe recession that makes the prospect of paying for all the essential tasks confronting the country more and more remote.

Reconstruction officials said \$925 million had arrived in aid grants from abroad, of which \$540 million had been used. Of the remainder, \$210 million is earmarked for the south.

Much aid money that has been promised has been slow in coming, as donors have watched Lebanon go from one violent crisis to another.

The most glaring example is a \$2-billion aid grant agreed upon by the Arab League summit in Tunis in 1979. Lebanese officials complain that only \$420 million has arrived.

— JULIAN NUNDY

With the Slowdown, a Concern for Architecture

LONDON — Architecture in the Gulf states is gaining a new lease on life as expansion slows and new projects can be evaluated from all angles. There was not always time for appropriate design in the past.

Huge oil revenues financed instant modernization in the form of characterless chunks of buildings while lacking the framework of residential and working quarters, occupied for centuries, to break up the devastating impact on the local community.

The problems of style are highlighted by a United Nations report describing the pace of development along the Arabian coast of the Gulf over the last 10 years. An average of \$40 million has been spent for every kilometer of coastal strip (\$100 million in Saudi Arabia). There are 20 industrial centers. A total of \$800 billion will be spent overall on coastal development. Urban population growth has been around 500,000 a year, and all of these people need housing. They

also need airports, government buildings, public utilities, schools and universities.

The shortage of professional manpower has led to ministries being staffed by foreigners who may be out of sympathy with, or ignorant of, the local way of life. Governments with plentiful oil revenues recruited the big international names of modern architecture, some of whose buildings are exciting demonstrations of the wonders of 20th-century technology (in an exacting environment) but not necessarily geared to the lives and traditions of the people who now move in and among these buildings.

Urban management and renewal are Western concepts with little meaning in a region that has had so few urban centers. Controlling legislation, where introduced, has been almost impossible to enforce. Continuity between past and present was difficult, given the rate of change.

Earlier this year, the Arab-British

Chamber of Commerce in London mounted an exhibition of Arab architecture, past and present. The exhibition was partly commercial — a showcase for Arab and British architecture — and partly educational. The catalog contains several essays on the problems facing architects in the region, written by such well-known practitioners as the Egyptian Abdel-Wahid al-Wakil, Haniff Rassam from Iraq and Jim Antoniou of London.

The exhibition and related discussions demonstrate that there is a body of Arab architects (many of them trained in the Baghdad School of Architecture founded by Mohammed al-Makiya, who is now based in London) returning to traditional Arab and Islamic forms. Iraq has been a useful guide in many ways for Gulf architecture, bridging the gap between the historic but poorer parts of the Moslem world and the new oil-rich countries of the Gulf.

The Arab-British Chamber of Commerce is continuing to encourage interest outside the immediate region with a recently announced £10,000 prize for a study on contemporary architecture.

Modern Islamic architecture has also been encouraged by the Aga Khan Award for architecture. The award is intended, in the words of the preamble, "to encourage an understanding and awareness of the strength and diversity of Moslem cultural traditions which, when combined with an enlightened use of modern technology for contemporary society, will result in buildings more appropriate for the Islamic world of tomorrow."

Particular emphasis is placed on the use of local raw materials. Projects must be in the Moslem world or for Moslems.

Architects see the general slowdown in development as giving them time at last to establish a continuity between old and new in the region. "Now's our chance to find an appropriate architectural vocabulary," said Jim Antoniou.

— SARAH SEARIGHT

Algeria: Mixed Blessing for Foreign Contractors

By Nigel Harvey

LONDON — Algeria's development plan for 1985-1989 is likely to prove a mixed blessing for the international construction industry when it is approved later this year.

With development spending in the five years targeted at \$50,000 million, the plan will underscore Algeria's remarkable ability to largely evade the recession that has afflicted most other Middle Eastern and African petroleum exporters.

On the other hand, Algeria's notoriously difficult construction market may become tougher still because relatively few projects will be started and above all because of the clear intention of Algeria to use as many local companies as possible. Fat turnover contracts for foreigners are, in theory, a thing of the past.

Foreign companies will be increasingly pressed to invest in joint ventures with state companies or at least to take part payment in countertrade.

Decentralization of considerable decision-making power to the provinces and the major restructuring of the monolithic state companies into smaller units had already made it an increasingly complex market in the last few years. And there is likely to be no letup of the Algerian insistence that financing accompany contractors' proposals, nor of many of the cumbersome administrative procedures that usually mean a delay of at least two years between bids and final awards.

Yet Algeria remains high on many contractors' lists as a key market of major potential. Much has turned on its diversification in the early 1980s away from dependence on crude oil revenue. This now accounts for only about a quarter of state income, with refined products, condensates and natural gas each providing another quarter. Revenue has stabilized at more than \$12 billion a year despite the oil surplus and price slump, and could top \$13 billion in 1984.

This income has helped generate a steady amount of new work for contractors from Europe to Japan, from India to the East bloc. The South Koreans and Taiwanese, so

competitive elsewhere in the Middle East, have been excluded because they lack diplomatic relations with Algeria. But several Seoul-based firms are exploring ways of circumventing that problem, and there has been no shortage of competition.

Turkey, for example, is emerging as a major new bidder, especially for large urban water-supply projects such as one financed by the World Bank that will soon be let in Algiers.

In 1985-1989, officials say, 60 percent of all planned development spending will go for building and public works. But more than half — 55 percent — of the total will be on existing projects. Furthermore, the government has said that it will insist on carefully double-checking the feasibility of all proposed new ventures. Only those with top priority will go ahead.

This could affect the few major industrial projects expected to be included in the plan. Among them is the \$2.2-billion car factory that Fiat, Renault, Peugeot and a Japanese manufacturer are competing

to supply. The winner will have to take a stake of at least 25 percent with Entreprise Nationale des Vehicules Particulaires.

Similarly, progress in selecting foreign suppliers has been slow for the proposed 2.2-million-ton-a-year steelworks at Bellara near Jijel. Site clearance by a local company has begun and detailed design was tendered in small lots to encourage other local firms, public or private, to bid. Contracts for a related port at Djendjen have been held up pending a World Bank loan.

Bids have also been submitted for a \$120-million, 40,000-ton-a-year linear alkyl benzen plant at Skikda for the state hydrocarbons company Sonatrach, and some contractors expect a 70,000-ton-a-year polyethylene plant to be tendered in early 1985, although planners say no major petrochemical projects are included in the five-year plan. Instead, the focus — as throughout the industrial sector — will continue to be improving output and productivity at existing plants.

proval was given in June for an air base at Minhad near Dubai city. The three-phase project is intended to relieve congestion at the international airport, which is having trouble coping with Dubai's military traffic as well as civil traffic.

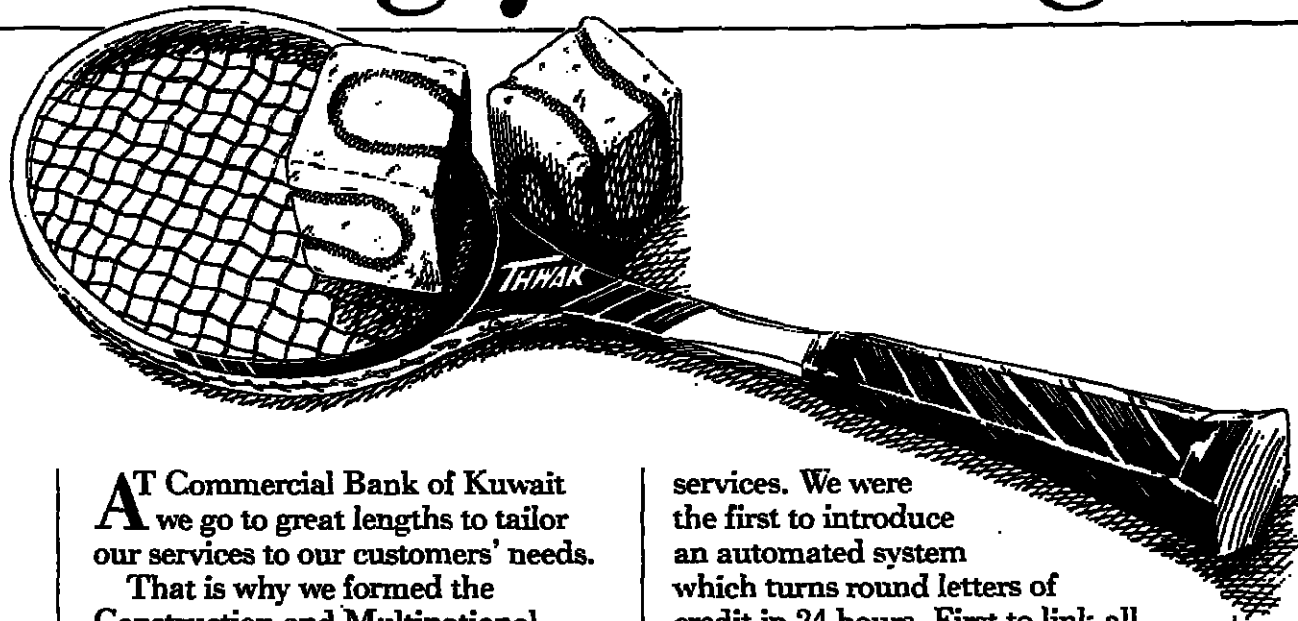
Oman is also expanding its air bases following a cooperation agreement with the United States in 1980 permitting the bases' use by U.S. Central Command forces in a Gulf emergency. Expenditure of up to \$320 million has been mentioned for the work, which includes the upgrading of installations at al-Khasab on the Musandam Peninsula overlooking the Strait of Hormuz, Sib near Muscat, and Thamarit and Masirah Island in the south.

The sultanate's need to protect its extensive coastline, which borders the key Gulf oil tanker lanes, has led to plans for a new naval base at Wudam Alwa south of As Suwayq on the Batinah coast. A joint venture of Joannou & Paraskevades of Oman and Hoechst of West Germany received a letter of intent in June for the project, estimated at \$80 million, which involves dredging, supply and installation of machinery, building of wharves and jetties and onshore infrastructure.

Elsewhere in the Emirates, other projects are under way to aid GCC countries' military expansion. Ap-

— ROBERT BAILEY

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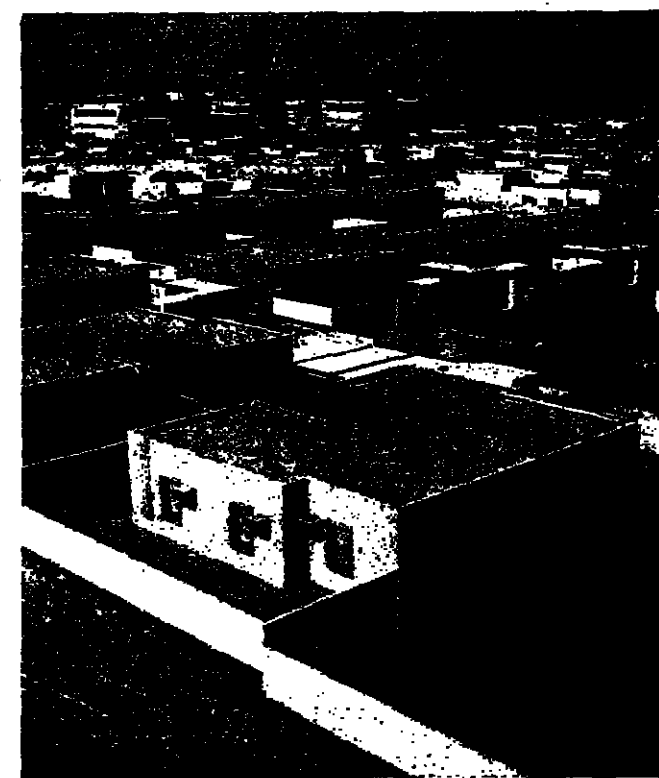
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Most of Big Military Projects in Region Near Completion

(Continued From Page 9)

three major military bases was finished in 1971 at Khamsi Mushayt in the southeast. Tabuk, near the Jordanian border in the north, was completed two years later. The third of these megaprojects being developed by the Corps of Engineers is at Hafar al-Bayt, south of the Iraq border. Known as the King Khalid Military City project, the town and base will accommodate 70,000 people, including three army brigades, aircraft and engineering services, when completed at the end of 1987.

Contracts worth \$2.8 billion have been awarded for the city, which when finished is expected to have cost about \$6 billion. Because of remoteness of the site, most companies have had to ship construction materials and equipment to the area as well as build camps for their workers. A six-berth port at Ras al-Mishab has been developed to service the project.

An even bigger project, in cost terms, is the planned King Faisal air academy and military base at al-Kharj, south of Riyadh, which could involve a long-term investment of \$12 billion.

The Corps of Engineers, meanwhile, is also supervising work on Riyadh's \$1.5-billion King Abdul Aziz military academy. The corps

has completed work in the capital on headquarters for the Ministry of Defense and Aviation, the Royal Saudi Air Force and the National Guard, and is providing support services for the \$3-billion Saudi Naval Expansion Program.

Two new bases are being built with deep-water facilities as part of the program at al-Jubayl and Jeddah. The ports, which are due to be commissioned next year, will have maintenance, repair, dry docking, storage, housing and training facilities as well as ship berthing. The Jubayl base, which stretches eight miles along the coast, also has its own desalination plant.

The scope of the Peace Shield program, which embraces provision of command, control and communications systems in support of the Saudi AWACS Peace Sentinel program, has still to be defined. Bids by four U.S. groups were due to be submitted early in November. The project, while another example of the hitherto almost limitless spending by Saudi Arabia on high-technology military equipment, marks a turning point in its procurement policy.

The kingdom has insisted on an agreement in which the successful bidder on the \$3.9-billion project must invest in Saudi Arabian technology ventures of the value of 35

percent of the cost of the goods and services bought for Peace Shield. The construction elements of the project, which aims to install radar and command centers throughout the country, are estimated at \$800 million. It is unlikely to be an easy contract to draw up either by the successful consortium or Saudi Arabia's Defense Ministry, which is being advised by the New York investment bank Lehman Brothers, Kuhn Loeb.

Saudi Arabia's Gulf neighbors are increasingly cost-conscious about their own more modest, though still very large, military construction programs. In Abu Dhabi, the largest of the United Arab Emirates' state contractors working on the Suwaidan military town to the east of Abu Dhabi city are waiting for payments of 500 million dirhams for completed work. The original Suwaidan master plan was drawn up by Bechtel Corp. and the 10-year program was estimated to cost \$2.2 to \$3.3 billion in 1977. The original design, including barracks, schools, storage and command centers, has been cut back and the armed forces command has taken over responsibility for overseeing the work.

Elsewhere in the Emirates, other projects are under way to aid GCC countries' military expansion. Ap-

proval was given in June for an air base at Minhad near Dubai city. The three-phase project is intended to relieve congestion at the international airport, which is having trouble coping with Dubai's military traffic as well as civil traffic.

Oman is also expanding its air bases following a cooperation agreement with the United States in 1980 permitting the bases' use by U.S. Central Command forces in a Gulf emergency. Expenditure of up to \$320 million has been mentioned for the work, which includes the upgrading of installations at al-Khasab on the Musandam Peninsula overlooking the Strait of Hormuz, Sib near Muscat, and Thamarit and Masirah Island in the south.

The sultanate's need to protect its extensive coastline, which borders the key Gulf oil tanker lanes, has led to plans for a new naval base at Wudam Alwa south of As Suwayq on the Batinah coast. A joint venture of Joannou & Paraskevades of Oman and Hoechst of West Germany received a letter of intent in June for the project, estimated at \$80 million, which involves dredging, supply and installation of machinery, building of wharves and jetties and onshore infrastructure.

Elsewhere in the Emirates, other projects are under way to aid GCC countries' military expansion. Ap-

Turkish Contractors in Trouble as Neighbors' Boom Ebbs

- The government should increase its purchases of Libyan oil from three million tons a year to four million, with part of Turkey's payment earmarked for Turkish contractors.
- A \$300-million fund should be set up by the Central Bank to help

Although there were some recent contacts at governmental level, the Libyan problem remains. When the Turkish minister of state Ismail Ozdaglar visited Tripoli late in August, the oil barter agreement could not be concluded. Turkish industry sources said that Libya put its oil price \$5 too high. "Who would

countries, the latecomer Turks seem to manage rather well. But Moslems, Turkish contractors and workers have a clear advantage over non-Moslems in winning contracts in the holy cities of Mecca and Medina.

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electricity and telephone calls and providing for shopping in stores and schools.

In general, experts consider the construction industry one

According to official estimates, Egypt imported \$1.5 billion worth of building materials and equipment in 1983 and this figure is expected to grow 10 to 15 percent annually in the next few years. But for foreign companies, it is not always an easy market to crack. Red tape often makes the import

makes grants to war victims' families to construct or repair houses. Originating as a voluntary revolutionary organization, the Recon-

struction Crusade now functions as a ministry. It concentrates on building roads, bridges, schools, public baths, health centers and mosques. During the first two years of its existence, starting in mid-1979, it built 8,000 miles (12,300 kilometers) of roads.

DILIP HIRO, a London-based writer who specializes in Middle Eastern affairs, contributes to the *Guardian* and the *Sunday Times* of London. He is the author of

SARAH SEARIGHT is a London-based journalist who specializes in the Middle East.

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INTERNATIONAL Herald Tribune WEEKEND

NOVEMBER 16, 1984

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Soft Lights on the Fast Life

NEW YORK — If, in Auden's words, the 1930s was a low, dishonest decade, it was also a time of feverish activity. "Everyone was working at high speed, everyone knew something terrible was going to happen," says Horst, the fashion photographer who was in Paris at the center of it all.

There was a complete interaction between the arts. Today, there is a separation between art and fashion, but then the most creative craftsmen — painters, writers, musicians, actors, decorators, dressmakers — were friends. Even those who were enemies were intimate enemies.

The United States had its sour Depression blues; the French franc was, for once, relatively stable and, according to Janet Flanner's foreword to Horst's book, "Salute to

it artifice if you like," Horst says with a shrug. "If you build your own house, you build it your own way."

The building metaphor is apt: Horst constructed his pictures, figuratively and literally. "I still build my sets, mostly with boxes now, because the rest is so expensive."

When he began, he overloaded his pictures with background. "I was continually dismantling palaces, hauling in small forests and hothouses." By 1939, he noticed that his sets had come to resemble bomb shelters.

"Again and again as I photographed that opulent, nostalgic collection of 1939, I heard it said that this was fashion that could only be created by a Paris on the verge of war."

But before the war, there were the costume balls of Etienne de Beaumont, where the cream of the aristocracy and the arts mingled, and fashionable dinners after which the ladies excused themselves briefly and returned, their lovely nostrils ringed with cocaine.

There was Marie-Laure de Noailles, descendant of Petrarch's Laura and the Marquis de Sade, Daisy Fellowes, Louie Macy, Jean Cocteau, Lady Mendl and Cecil Beaton, bitchy about Horst's work ("I used to say, 'Cecil, I wish you would say in public what you say about my work in private'") even though Horst kindly photographed him looking like Garbo in "Queen Christina."

Horst was an outsider and not everyone was kind. For his first society portrait, of Princess Marie Bibesco, he built a huge Cézanne bouquet as a background. "Take that away," were her first words. "I learned," says Horst. He put in white flowers instead.

He was as watchful as an urchin with his nose pressed against a window and he fantasized about the *haut monde*. "I imagined that wonderful world that people lived in," he says. "It's all a dream, isn't it?"

As a result, many of his portraits are shamelessly romantic and nostalgic now with their feathers and arabesques and flatterer lighting. He invented new lighting for Marlene Dietrich, who arrived at the studio in a terrible hat, demanding the von Sternberg lighting with its hollow cheeks and shadow under the nose. "She was about 50. I tried a soft light from the side, which took away the lines. Later, she had someone call from California to get the details — how many amps and everything."

He was more satirical about Joan Crawford, who arrived in his studio in 1938 in an enormous hat, trying to erase her shaggy image. "You can't do anything with this type of girl — no contact at all. The face is very strong and all makeup — a mask, not a face. She wanted me to imitate von Sternberg's lighting of Dietrich — accentuating the arched eyebrows, the half-closed eyes, the cheeks pulled in, the hard mouth." The background was a blowup of an Italian palazzo.

Among his tenderest photographs are those of one of the toughest women of all

time, Coco Chanel. Horst met Chanel at Niki de Gunzburg's "Night at Schönbrunn" costume party in 1934, where they were the only two guests to wear black (Horst came as a Hungarian hussar, Chanel in a funeral dress). They became fast friends despite Horst's friendship with Elsa Schiaparelli, Chanel's great rival, whom she always called "l'italienne," pretending to have forgotten her name. Horst and Chanel clearly saw in each other hard-working peasant souls; there was admiration and complicity.

IF Horst is associated with glamorous people and houses, he has also photographed politicians and the first ladies of the United States, starting with Bess Truman and, recently, Supreme Court Justice Sandra Day O'Connor ("a marvelous woman, she couldn't care less if she looked glamorous or not"). Long ago, he photographed Gertrude Stein. "This is," said Janet Flanner, "the most beautiful photograph of any man I have ever seen."

Horst loved France and detested England on the grounds that a country where women wore wristwatches with evening dress was intolerable. As a GI in World War II, he came to like America, after a bad start in Fort Belvoir, Virginia, where "I ordered a glass of Dubonnet, my dear." He became an American citizen and, under the delusion that it sounded very American, changed his name to Horst P. Horst.

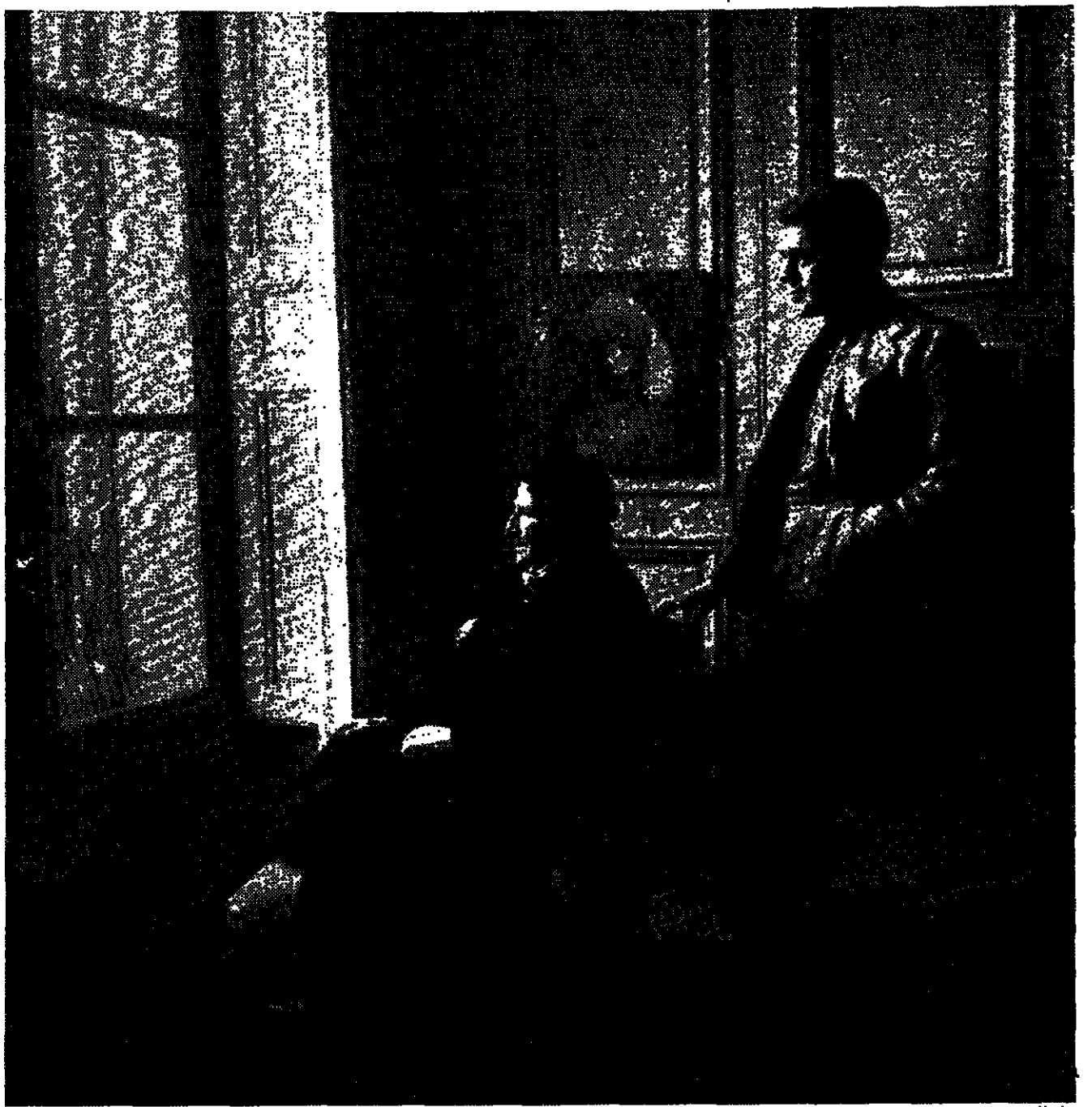
He is called simply Horst. "The shorter the better," Irving Penn always signs just Penn. Erwin Blumenfeld, a very good photographer, always said he wouldn't get anywhere because his name was too long."

Before the war there were hardly any professional models and Horst became used to stiff society girls and adept at removing inches of hipline by placing subjects between pillars or behind bouquets. In the New York of the 1950s, there were not only American dress designers for the first time, there were also superb fashion models such as the vivacious Suzy Parker, who later failed in films ("I always said to her, 'If only you'd stood as still for me as you did in your films'").

There was also advertising work, and Horst worked as hard on making leg waxed and Soft-Weve toilet paper attractive as in laying a parquet floor for the Duchess of Windsor's portrait.

The recent show gave an idea of Horst's workmanlike approach, displaying some of his famous plaster props from the past as well as his "Modest because..." pictures. In time, it went right up to an ad for Calvin Klein socks, but the most striking fashion picture was a 1936 Robert Piguet dress: "I accentuated the important part of the dress and chose not to show the whole thing," Horst says.

Even now, Horst will occasionally put a face in shadow, a forbidden act in his early days, when fashion photography was dictated



Gertrude Stein and Horst ca. 1946, with the fashion illustrator Eric at the drawing board.

by strict laws. When Horst began, Condé Nast publications was spending only \$40,000 a year on photography and \$100,000 on fashion drawings. Until Horst found a way, black was thought too hard to photograph and was always sketched.

The old-time Vogue studios had heavy floodlighting and photographers were obliged to use slow 8 x 10 cameras so cumbersome it was supposed that no woman could become a fashion photographer. Horst was

not allowed to use a Rolleiflex until after the war. By then he had met Henri Cartier-Bresson and was jealous of his freedom with a Leica, though he does not think Cartier-Bresson would have been a good fashion photographer.

"No," says Horst. "He was interested in life." Asked to explain, he says that Cartier-Bresson could afford to be footloose. "I have to work for a living."

There is no contradiction between Horst's

practicality and the elegance and glamour of his work. "Elegance has to do with assurance and self-discipline," he says.

In his own way, he thinks he is part of social history, and therefore he dislikes color film because it fades after 10 years. When he photographs an assignment in color, he always does the pictures in black and white as well, for himself and, perhaps, for history. "I've always had that feeling of an historical record," he says.

It's an Uphill Climb to a Swiss Passport

by Calla Jones Corner

GENEVA — Bells were ringing for Vit Stupka. But there was no cause for celebration. Stupka, a Czech refugee who had applied for Swiss citizenship, was turned down by his fellow townsmen for having testified on behalf of three other residents of Adligenswil, near Lucerne, against a local farmer whose cowbells were keeping them awake.

Swiss authorities might very well have approved Stupka's application last year — Switzerland has for centuries welcomed refugees. But complaining about cowbells showed that Stupka was simply not ready to become Swiss.

Stupka's application was turned down at the second level of his application for Swiss citizenship. The procedure begins with federal authorities and continues at the commune where one has asked to be accepted. The application is finally approved by the canton in which that commune is located. Stupka may apply again, but his chances are slim.

His case, although atypical, illustrates the rocky path to Swiss citizenship. "It's like trying to climb the Matterhorn in sneakers," says Olaf Nelson, a Swede who recently got his red-and-white passport. "It can be done, but it's not a sure bet you'll make it to the top."

The federal government in Bern won't say how many people who apply for Swiss citizenship each year fail the test. But in 1982, 6,161 foreign Swiss residents became Swiss. There were 1,601 Germans, 401 French, 1,500 Italians, 299 Spaniards, 380 Austrians and 2,080 Czechs.

The intricacies and pitfalls awaiting those who apply were amusingly documented in the 1979 hit at Swiss box offices, "The Swiss-makers," which was made by a team of unknown Zurich filmmakers. With a touch of artistic license, it traced the efforts of three aspirants to Swiss nationality: an Italian worker and his family, a wealthy German doctor and a Czech refugee ballet dancer whose mother was Swiss. (The law was changed this year to allow Swiss women to pass nationality to husbands and children.)

The doctor's wife ruins the fondue when she invites the police inspector to dinner, thereby calling into question her ability to assimilate to the Swiss way of life. The ballet

dancer is looked upon suspiciously by her neighbors because her gray garbage bags don't match the brown ones they leave on the sidewalk twice weekly. The Italian worker's apartment is invaded, during a meal of spaghetti, by the inspector, who has been working around the clock, even at soccer games, to find something to enter in his little black book.

After 12 years on Swiss soil, a resident in Switzerland can write to the Justice Department in Bern and ask for the procedure for Swiss citizenship to begin. While they have lived in Switzerland, foreigners have a file that is kept up-to-date on credit-rating, law-breaking, parking fines and even movement in and out of the country.

If an aspirant's file is clean, discreet inquiries are made about his or her habits. Those who have gone through the process say a surprise visit by the authorities to one's home is likely. They recommend that for the two or three years of the citizenship process aspirants stick to Swiss dishes at mealtimes and dust their shelves daily.

Olaf Nelson's wife recounts that the inspector not only arrived at the door at noon sharp, when the majority of Swiss sit down to their main meal, but that he put on a white glove, ran a finger over the bookcase and then opened her dishwasher to see if her kitchen was in order.

One German was asked during an unannounced visit what social circle he belonged to. He warily replied that he didn't have a particular group of friends. In that case, the inspector advised him, he should join the local band.

For those who have passed muster in the federal eye, the commune tests general knowledge of Swiss history and geography. Horst Schneebli, an Austrian who has lived in Geneva for 14 years and recently received Swiss nationality, says he would have been lost without his children's school books.

"They asked me questions about history and geography that even a Ph.D. in the subjects or a good hiker wouldn't have known without a solid year of cramming," he says.

Schneebli applied for Swiss citizenship for his children, who were born in Switzerland and will probably never live in Austria or in Spain, where his wife comes from. He adds that once he had passed the preliminary tests, he found that the Swiss were sympathetic and seemed to do all they could to facilitate the procedure.

"It's important to be on their wavelength," he says, explaining that his answer to why he chose his commune probably fixed it for him. "I told them that it was one of the cheapest I could find. Being Swiss, they appreciated the fact that I knew the value of money."

Recently, the exams have been rewritten to include less scholastic questions, and often the educational level of the aspirant is taken into consideration.

"We can't very well ask an Italian worker who has had six years of schooling the dates of the Swiss Reformation," says a spokesman from the Justice Department. But Schneebli says that at the cantonal level he was asked very difficult questions on the Swiss economy because he was expected, as a businessman, to know the answers.

In any case, anyone hoping to pass the preliminary test and to avoid starting again from zero should know the birthday of General Henri Guisan, the national hero who commanded the Swiss Army during World War II; the names of Switzerland's most important mountains, not just the Matterhorn, Eiger, Monch and Jungfrau; the ingredients for a fondue; and where and when Switzerland's forefathers founded the Confederation.

It goes without saying that fluency in one of Switzerland's four national languages is essential, preferably the language of the commune where one is asking for citizenship. In addition, although it is not necessary to invite the police for a fondue, it is a good idea to have made one's mark with the locals over several glasses of wine or beer, where the Swiss can judge if the aspirant really understands the Swiss way of doing things.

Fatih Kamal, a 45-year-old Afghan, finally received his Swiss passport after completing two years of tests and taking allegiance to the Confederation. He decided to put his new nationality to the test.

"I received my passport one Friday morning," recounts Kamal. "Jumped on a lake steamer to cross over to France for lunch. By two o'clock in the afternoon I was back at my apartment just as the postman was leaving the mail. What do I find but an official letter from Bern advising me to report for military service in three weeks."

Kamal, who had done military service in Afghanistan as a young man, had forgotten that all Swiss men, native-born or naturalized, are obliged to serve three weeks a year in the Swiss army until age 55.

NEITHER the obligation to do Swiss military service nor the often hefty cost of a Swiss passport deters many from trying for Swiss citizenship. It can cost anywhere from 200 to tens of thousands of Swiss francs depending on one's financial position and the wealth of the commune in question.

James Kubie, a Czech refugee who got his Swiss passport in 1982 along with the other 2,080 Czechs who fled to Switzerland in 1968, puts it this way: "You can't put a value on freedom. Switzerland is often called a police state for its obsession with order, cleanliness and behavior. I can tell you, this isn't a police state. This is a democracy, perhaps the last true democracy. The individual's interests are put ahead of everything. I know, I've lived in a true police state."

"If Swiss citizenship isn't easy to get and if the Swiss themselves appear xenophobic and insular, that's a good thing. This country works and it's the voting populace that makes it work."

Robert Cameron, who now wishes he had that vote, agrees. After 16 years of residence in Switzerland, Cameron, a British citizen, has moved to Belgium to a better job.

Cameron admits he feels more Swiss now than British. He says that in addition to the roots he's put down in Swiss soil, he's also leaving the most orderly, efficient and financially and politically stable country in Europe, if not the world.

"Switzerland is an oasis and will continue to be and the Swiss passport is in many ways a passport to paradise," adds Cameron.

A Humorous Twist To the Training Film

by Elaine Davenport

LONDON — Some of the country's best actors, writers and directors have combined to pump respectability into the British film industry's traditional poor relation — the training film. With a few notable exceptions, training films for both workers and managers have been endured, not watched. They were boring to sit through and an embarrassment to produce. That is, until 1972, when four men formed Video Arts and began to inject a little professionalism and comedy into the medium.

The company's films are now used by 26,000 British organizations, exported to 60 countries, and have won 120 national and international prizes, including the 1982 Queen's Award for Export. The company's annual turnover is £4 million.

John Clee, the British comedy actor best known as one of the Monty Python group, was a founder, and other names in British comedy, Penelope Keith, Andrew Sachs, Tim Brooke-Taylor, Rowan Atkinson, June Whitfield, Bill Maynard, Una Stubbs, Bernard Cribbins and Dinsdale Landen, regularly take leading roles.

One recent film was written by Antony Jay, also a founder of Video Arts, but better known as the co-author of the popular television series, "Yes, Minister." The 25-minute, £50,000 (\$62,500) training film was directed by Charles Crichton, who directed Ealing Studios' "The Lavender Hill Mob" in 1951.

"The reason we've used good actors and writers is because they're good, not because they're famous," says Peter Robinson, co-founder of Video Arts. "Good people get it right the first time. You pay them more but you get quality and you get it quicker."

VIDEO Arts has taken the lion's share of the training-film market in Britain with the comedy documentary. "The comedy only works if there's a credible base to the film," says Robinson. "All the detail has to be correct because you're making films for salesmen and managers. They will not notice if the detail is right, but if the detail is wrong, they begin to suspect the whole thing."

Robinson and his co-directors, with the exception of Clee, came from a documentary background, news and current-affairs television. The first step with any project is gathering the facts on the subject. To help out, Video Arts often brings in a well-known company to pay part of the budget. One insurance group, for example, recently lent its name and expertise to a film on safety called "Oh, What the Hell."

So far, the only country to have reacted negatively to the comic element in the films is West Germany. "I think the comedy thing may be a bit peculiarly British," admits Robinson. "But Germans do take work very seriously and don't realize we're not making fun of work or business or management; we're making fun of the things people do wrong."

For example, in the safety film, "Oh, What the Hell," a devil, played by Rowan Atkinson, gleefully finds workers falling for the traps that can bring danger: complacency, laury, distraction and unfamiliarity. Video Arts' most popular films worldwide are on sales ("So You Want to Be a Success at Selling") and management ("The Unorganized Manager"). Also popular are a film on the appraisal interview, "How Am I Doing?" and a film for financial managers called "The Balance Sheet Barrier."

One of the oldest is "Meetings, Bloody Meetings," which, says Robinson, met with a cry from the heart among people who agreed that most meetings are a waste of time and wanted to know how to improve them.

As its business spread overseas, (Video Arts' best customer abroad is Australia) the company began to take its foreign customers into account. "We don't try to make mid-Atlantic films," says Robinson. "But we do get comments from the U.S. for one."

American customers have complained about women occupying only menial positions in the films, about one film called "Manhunt" and about the lack of different ethnic groups represented.

"If anything will date the films, it will be that," says Robinson. "Our latest films also try to cope with making sure minorities are represented."

The main market, however, is still Britain. "We've got to make the films based on what we find funny and what we find memorable," says Robinson. "Trying to please too many people causes problems."

Selling is done on the telephone. Customers can rent or buy the training films on 16mm film or video cassette. A typical purchase price for a 30-minute film is £550, with the rental at £85 for two days and £110 for a week.

"In the early days," says Robinson, "more rented before purchase. As people got to know us better, the product became a known quantity and many more now buy outright." There is also an option to convert a rental into a purchase.

ALTHOUGH business is good, nonpaying viewers of the company's training films are an increasing problem. Just over a year ago eight companies started the Training Film and Video Association, whose main aim is to fight piracy.

The association has offered a £1,000 reward for information leading to successful prosecution of video pirates, and it is actively pursuing test cases for their publicity value. They estimate that up to £500,000 may be lost each year in Britain through illegal showings.

The piracy reflects the increasing importance and profitability of the training film: in the United States as well as in Britain, it is beginning to be taken seriously.

"Actors like working with good scripts and good people," says Robinson. "I also think word got around that our films were fun. Nowadays, we even get little requests through the grapevine that such and such an actress or writer is longing to do a film for us. It's very flattering."



Illustration by Fernando Soto

TRAVEL

Britain's Foodies — Beyond the Stodge

by Nancy Jenkins

LONDON — Some of the great chefs of Europe, including Fredy Girardet, Pierre Troisgros and Louis Outhier, were here recently. Also on hand were some but not all of London's leading food writers, restaurant critics and cooking teachers, as well as a couple of Oxford dons and a reporter for The South China Morning Post.

The occasion was a banquet in the mirrored Terrace dining room of the Dorchester Hotel, held to celebrate the publication of "The Official Foodie Handbook" by Ann Barr and Paul Levy (Ebury Press, London). "A foodie," according to this doctrine, "is a person who is very, very, very interested in food."

Damned in some quarters and praised in others, the handbook's arrival is but one more piece of evidence that the British, who for decades have nourished and been nourished by a national reputation for culinary staidness, are discovering that food can be fun. They are also learning that British food does not have to be, and for centuries was not, unrelentingly stodge.

Quality restaurants are proliferating and the foods of the Empire, especially the cuisines of India and the Far East, are adding a great deal of zest to dining out. At the same time cooking at home has become more interesting with increases in the availability of fine, fresh products from all over the world.

The number of food-oriented publications is also growing. After years of relegating food to a few paragraphs in obscure corners, The Guardian newspaper recently initiated a food and wine page. In October, A la Carte, a British equivalent of Gourmet magazine, made its first appearance.

As if to confirm the interest, along comes "The Official Foodie's Handbook," a basic guide to some of the more esoteric aspects of the phenomenon by two writers whose backgrounds lend them a certain credibility. Barr is an editor of the glossy British monthly Harper's & Queen and co-author of the best-selling "Sloane Ranger Handbook." Sloane Rangers being something of a British equivalent of preppies. She appeared at the dinner wearing an elaborately sequined jacket by Thea Fother with a pink lobster down one arm, a large carrot down the other and a plump, silvery fish across the bosom.

Levy, who appeared in black tie and beard, is an American and the author of a scholarly study of the British philosopher G.E. Moore. He is also food and wine editor of the London Sunday newspaper The Observer and a self-proclaimed authority on the phenomenon he and Barr have dubbed foodie-ism.

In 144 pages of outrageous and sometimes uproarious detail, the authors describe the habits and habitats of foodies in Britain and on the Continent and in the United States, Australia, China and Japan. They analyze foodie bores, among them coffee, oil, fungi and what the British call offal, and foodie clichés such as "I read cookery books like novels."

They chart the history of foodie-ism, from the 1950 publication of Elizabeth David's "Mediterranean Food" through the 1980s when, according to the writers, New York and Paris went "food mad." Along the way they have managed to brush up against, if not knock over, several sacred cows. They have also set up a few of their own, the most sacred and unsurprising of which appears to be the haute cuisine of France. Of "the 18 best restaurants in the world" listed in the handbook, 12 are in France, 3 are French restaurants in other countries and the 3 remaining are in Japan and China. So much for international cuisine.



From left, front: Eckhart Witzmann, Jacques Maximin, Paul Häberlin, Georges Blanc and Fredy Girardet. Back: Anton Mosimann, unidentified, Pierre Troisgros, Marc Meneau, Louis Outhier and Jean-Pierre Habertin.

The authors have also managed both to amuse and to outrage friend and enemy alike. Though "trivial" is the adjective most often used to put down the book, there are those who take it all quite seriously. The unapproachable Elizabeth David, who is credited by writers on both sides of the Atlantic with inspiring the postwar focus on food, is said to be profoundly distressed. Arabella Boxer, the food writer for British Vogue, said she was depressed by the way in which "The Official Foodie Guide" appears to promote an elitist approach and, at once, to put it down.

If the concern with foodies and foodie-ism seems ho-hum to Americans, who have witnessed the obsession with food in their own country, the concern with eating well, as a British phenomenon, is in a happy state of adolescence.

As in United States, interest in food in Britain is closely related to the growth of an economic class with the time, money, interest and energy to explore the world beyond home and office or factory. Wartime deprivation is commonly cited as the major reason for the awesomely poor standards of British cooking in the postwar years. It is also true that, by tradition, food has been one of the things proper Britons should not be concerned with.

All that is changing in many parts of the society. Entrance into the European Community has brought variety and quality in fresh produce to British shops.

"Ten years ago," said Claire Clifton, an American food writer living in England, "all that was available at this time of the year was cauliflower, brussels sprouts and cabbage. There wasn't a green bean

in sight." Now even supermarkets carry fresh produce from all over Europe, South and Central America, Africa, the Middle East and the United States.

The British have also been encouraged to rediscover their national sources for fine produce, meat, fish and game, dairy products and, in the south, a small but fairly distinguished wine industry. Jane Grigson, food writer for The Observer, whose "Observer Guide to British Cookery" has just appeared, said, "There are lots of middle-class, educated English people with brains and energy who are producing good cheeses, sausages and hams, fresh fish and shellfish."

All is not entirely encouraging, Grigson said. "For an island surrounded by the sea, our fish range is still appalling. We get top-quality fish from all over the world at Billingsgate Fish Market, but it never appears in the local fishmongers. I think it all goes to France."

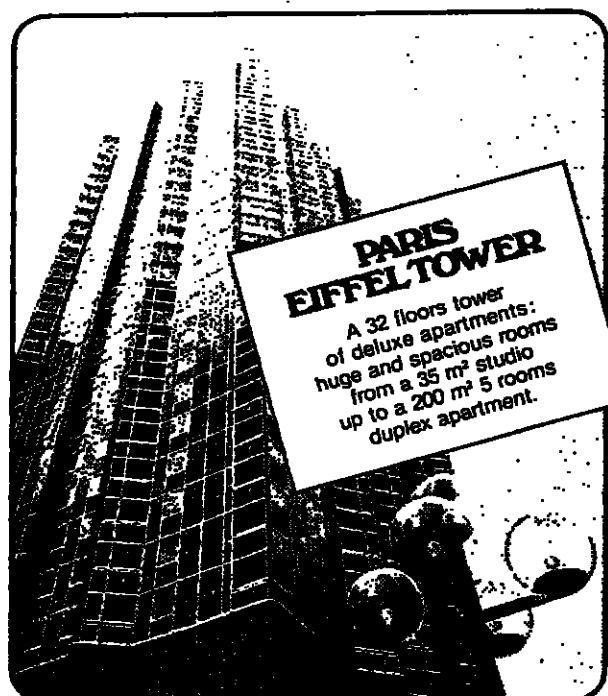
Still, the foodie revolution seems to have taken hold. Even the emphasis on French cuisine is seen as a positive influence. "Cooking is an art," Grigson said, "and as such it demands a strong discipline. That, she implied, could only be achieved by applying oneself, initially at least, to French principles of haute cuisine."

Yet, when the *parfait de foie de volaille* was served at the banquet, embedded in glittering aspic and surrounded by little pink roses artfully carved from tomato skins and an elaborate trailing garnish of parsley, Prue Leith, a leading cooking teacher and food authority, was heard to murmur, "This is the sort of thing I've been struggling against all my professional life."

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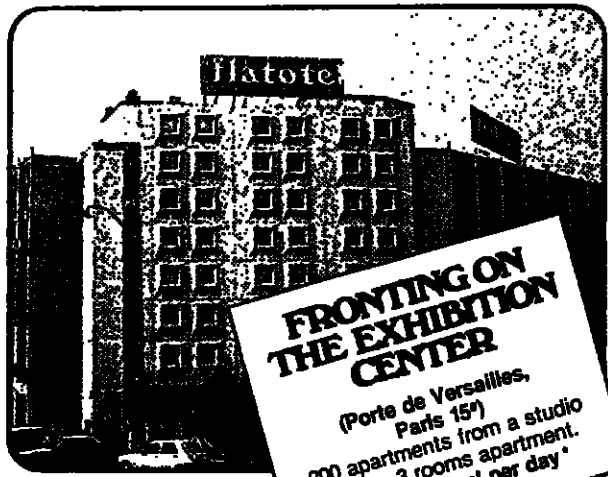
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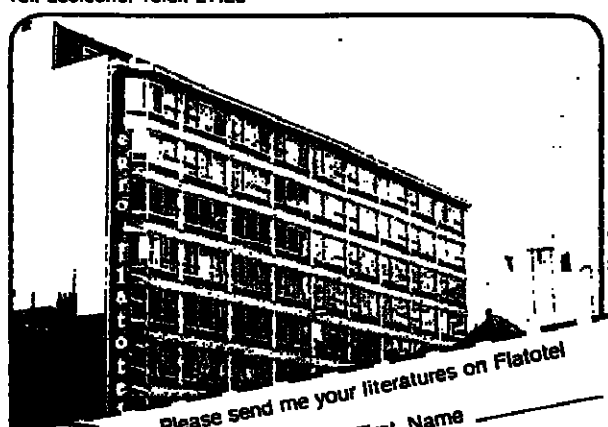
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INTERNATIONAL DATEBOOK

AUSTRIA

VIENNA, Bösendorfer Hall (tel: 65.66.51).
RECEIPTS — Nov. 19: Anton Voigt piano (Bach, Beethoven).
Nov. 20: Mariela Fernandes piano (Mozart, Schumann).
English Theater (tel: 42.12.60).
THEATER — Through November: "The Zoo Story," "Counting the Ways" (Albee).
International Theater (tel: 31.62.72).
THEATER — Nov. 17, 20-24: "Our Town" (Wilda).
Konzertsaal (tel: 72.12.11).
CONCERTS — Nov. 21: Haydn Trio (Schubert).
Nov. 22: Hagen Quartet (Bach, Mozart).
Nov. 23: Artis Quartet (Beethoven).
RECEIPTS — Nov. 18: Marjana Li-

povsek alto, Erik Werba piano (Schreker).
Staatstheater (tel: 53.34.0).
BALLET — Nov. 22: "The Fairy Doll" (Richter, Bayer).
OPERA — Nov. 19: "Le Nozze di Figaro" (Mozart).
Nov. 20 and 24: "Tristan und Isolde" (Wagner).
Theater an der Wien (tel: 57.96.32).
MUSICAL — Through November: "Cats" (Lloyd Webber).
Volksoper (tel: 53.34.0).
OPERA — Nov. 19 and 23: "La Bohème" (Puccini).
OPERA — Nov. 20: "Feuerwerk" (Burkhard).

BELGIUM

ANTWERP, Royal Flemish Opera (tel: 233.66.85).

WEEKEND

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OF SPECIAL INTEREST



Jennie Jerome, the American wife of Lord Randolph Churchill, and her son, Sir Winston, are the subject of an exhibition of photographs and family memorabilia at 34 Avenue Kléber, Paris 16, from Nov. 20-23. For information: Institut Français de Gestion (tel: 578.61.52).

ENGLAND

LONDON, Barbican Centre (tel: 628.87.95).

Barbican Art Gallery — Nov. 17-January: "James Tissot."
Barbican Hall — London Concert Orchestra — Nov. 20: Pierre Boulez conductor, Jessye Norman soprano (Stravinsky, Berg).

Nov. 22: Fritsch Zukerman conductor/violin (Rossini, Vivaldi).
English Chamber Orchestra — Nov. 21: Michael Tilson Thomas conductor, Cho-Liang Lin violin (Mozart).
Nov. 23: Nicholas Kraemer conductor (Mendelssohn, Saint-Saëns).
Barbican Theatre — Royal Shakespeare Company — Nov. 17, 21-24: "Mother Courage" (Brecht).
Nov. 19-20: "The Happiest Days of Your Life" (Dighton).
British Museum (tel: 636.15.55).

EXHIBITIONS — To January: "Japanese Paintings from the Harner Collection," "Prints in Germany 1880-1933."
To March 10: "The Golden Age of Anglo-Saxon Art: 966-1066."

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FRANCE

PARIS, American Center (tel: 335.21.50).

JAZZ — Nov. 18: Joe Lee Wilson.
Arturial (tel: 299.16.16).
EXHIBITIONS — To Nov. 24: "Umberto Boccioni. Sculptures 1936-1984."
To Dec. 1: "Tibet, terre d'acier," photographs by Kevin Kling.
Atelier d'Art Lepic (tel: 606.90.74).
EXHIBITION — Nov. 22-Dec. 15: "Heart Lander."
Centre Georges Pompidou (tel: 277.12.33).

EXHIBITIONS — To Dec. 16: "Patrick Bailly-Maître-Grand," photographs.
To Dec. 30: "De Matisse à nos jours."
To Jan. 28: "Kandinsky."
Galerie Valerie Schmidt (tel: 334.71.91).
EXHIBITION — Nov. 16-Dec. 15: "Lamy."

JAZZ — Nov. 21: Watergate 7 + One.
Midiem Hotel (tel: 758.12.30).
JAZZ — Nov. 21-23: Lionel Hampton.

GERMANY

BERLIN, Deutsche Oper (tel: 341.44.49).

BALLET — Nov. 21: "Les Interimittences du Coeur" (Petit, Debussy, Wagner).
OPERA — Nov. 17 and 23: "Don Giovanni" (Mozart).
Nov. 18 and 22: "Aida" (Verdi).
Nov. 19: "The Magic Flute" (Mozart).
Nov. 20: "The Flying Dutchman" (Wagner).

MUNICH, National Theater (tel: 22.13.16).
BALLET — Nov. 22: "Papillon" (Offenbach, Lachner).
OPERA — Nov. 17: "Otello" (Verdi).
Nov. 21: "The Woman Without a Shadow" (R. Strauss).
Staatstheater (tel: 260.32.33).

BALLET — Nov. 18: "The Creatures of Prometheus" (Beethoven).
OPERA — Nov. 17 and 23: "Hänsel und Gretel" (Humperdinck).
Nov. 20: "Carmen" (Bizet).
Unterfahrt (tel: 448.27.94).

JAZZ — Nov. 20: Kurt Maas Big Band.

ITALY

FLORENCE, Teatro Comunale (tel: 21.62.53).

BALLET — Nov. 17 and 18: "The Fantastic Toyshop" (Massine, Rossini).

MILAN, Padiglione d'Arte Contemporanea (tel: 78.46.88).
EXHIBITIONS — To Nov. 25: "Giorgio de Chirico," "Angelo Savelli," "Antonio Sisti," photographs.
ROME, Accademia Nazionale di Santa Cecilia (tel: 679.03.89).

CONCERTS — Nov. 18-20: Orchestra dell'Accademia Nazionale di Santa Cecilia, James Furst conductor, Gidon Kremer violin (Berg, Mozart).

VENICE, Scuola di San Giovanni (tel: 70.99.09).
EXHIBITION — To Dec. 9: "Three Centuries of Venetian Architecture, 1492-1803."

JAPAN

TOKYO, Japan Folkcraft Museum (tel: 467.45.27).

EXHIBITION — To Dec. 16: "Shen's Printed Dying."
Matsuyama Museum of Art (tel: 457.21.87).

EXHIBITIONS — To Nov. 18: "Western Paintings."
Nov. 20-Dec. 27: "Japanese Paintings."

Nissei Theatre (tel: 503.31.11).
BALLET — Nov. 17 and 18: "Coppélia" (Delibes).
Okura Hotel (tel: 582.01.11).

JAZZ — Nov. 18: Mayumi Sonoda.
Sanjuro Museum (tel: 403.08.80).
EXHIBITION — To Nov. 24: "Ukiyo-E Woodblock Print Exhibition."

EXHIBITION — To Nov. 25: "Shikō Inamura."

NETHERLANDS

AMSTERDAM, Concertgebouw (tel: 783.45).

CONCERTS — Nov. 17 and 20: Amsterdam Philharmonic Orchestra, Christian Bades conductor, Malcolm Frager piano (Debussy).

Nov. 18: Vienna String Quartet, Martin van den Hoek piano (Chopin).
Nov. 22: Amsterdam Lezingen Philharmonische Orchestra, Joop van Zon conductor (Debussy, Tchaikovsky).

Nov. 23: Concertgebouw, Kenneth Montgomery conductor, Marien van Staelen cello (Dvorak, Mendelssohn).
RECEIPTS — Nov. 19: Samuel Bernus piano (Bach, Haydn).

OPERA — Nov. 17 and 20: "Don Giovanni" (Mozart).
Nov. 19 and 21: "Les Vêpres Siciliennes" (Verdi).

NORWAY

OSLO, Concert Hall (tel: 20.93.33).

CONCERT — Nov. 21: Oslo Philharmonic Orchestra, Kjell Seim conductor, André Orvik violin (Bach, Strauss).

National Opera (tel: 42.77.24).
BALLET — Nov. 22-24: "Hamlet" (Pavlov, Shostakovich).

OPERA — Nov. 17 and 19: "Aida" (Verdi).

SPAIN

MADRID, Centro Cultural (tel: 275.60.80).

EXHIBITION — Through November: "Malespina and His Environment."

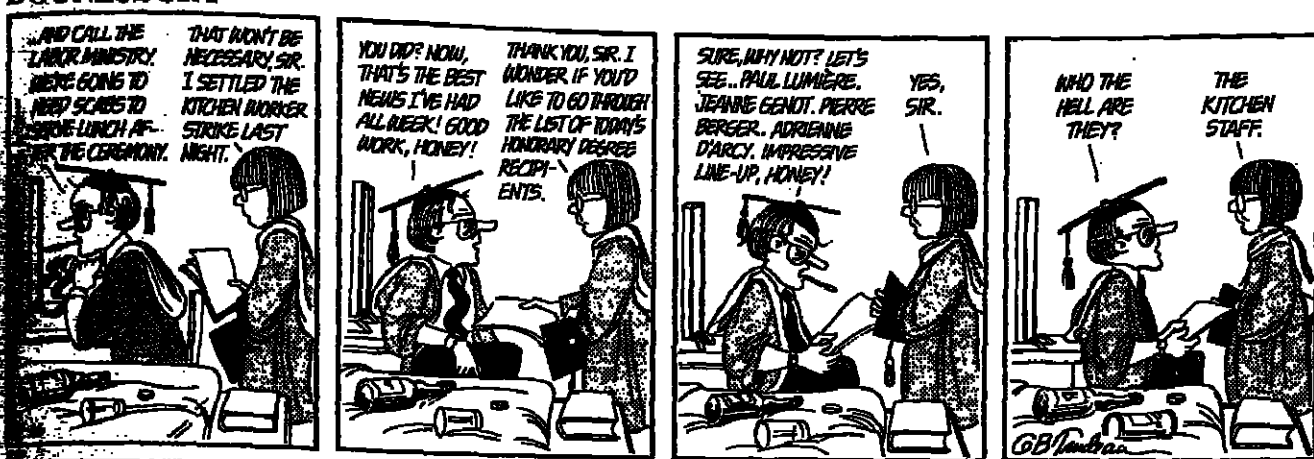
Teatro Alcala Palace (tel: 435.46.08).
MUSICAL — Through November: "Jesus Christ Superstar" (Lloyd Webber, Rice).

Teatro Monumental (tel: 227.12.14).
MUSICAL — Through November: "Baron" (Coleman, Stewart, Bransby).

Teatro Real (tel: 248.38.75).
CONCERTS — Nov. 17 and 18: Orquesta y Coro Nacionales de España, Jesús López Cobos conductor, Finesse Quilvar soprano (Wagner).
Nov. 22 and 23: Orquesta de la Radio-televisión Española, Pascual Ortega conductor (Haydn).

TRAVEL

DOONESBURY



Savoring Toulouse and Its Towers

by Barbara Bell

TOULOUSE — In Toulouse, deep in the French Midi, fanciful Renaissance towers, late nights at outdoor cafés and hearty eating flourish alongside the serious scientific and technological activity that has made this ancient city the home of Caravelle, Concorde and Airbus aircraft and a leader in the international aerospace industry.

La Ville Rose, as Toulouse is known because of the red brick of its attractive center, is visited less by pleasure-seeking travelers than by the world's research physicians, electronics experts and aerospace engineers, many of whom fly to Paris and happily catch the next plane south.

Toulouse is France's fourth largest city, with a population of 500,000. Sixty miles (100 kilometers) from the Spanish border, and fewer than 100 miles west of the Mediterranean, it is strongly southern in character, open and warm. But there is no southern drowsiness.

Liveliness is a dominant trait of its people. Working, watching or playing rugby, a local passion, or eating formidable plateaus of cassoulet, they live energetically. They laugh easily and speak with the strong accent of southern France, pronouncing at least one common French word in a way that is distinctively their own. If a Frenchman says "MEN-ti-nah" instead of "man-taw" for "maintenant," it's a good bet he's from Toulouse.

They also appreciate their city. "I am a Toulousean and I adore Toulouse," says a taxi driver whose attitude is typical. "I have lived in other French cities like Bordeaux and Lyon and find them really sad compared to this one. Toulouse is much more animated. Even in appearance. After all, those other cities are gray instead of red."

Red brick walls and red tile roofs are everywhere in the heart of Toulouse, worked into striking fortress-like churches, elaborate towers, simple Romanesque arches, elegant Renaissance palaces, as well as the stately Capitole, now the city hall, and a multitude of ordinary buildings on ordinary, visually harmonious streets.

The city is "pink at dawn, red at high noon and purple at sunset," says an old refrain, and anyone who has spent a sunny day wandering through it can affirm that if there is exaggeration in the claim, it is slight. Especially in the narrow, angling old streets just east of the Garonne River, the late afternoon can be a time of stirring radiance.

AFORD over the Garonne, which originates in the high Spanish Pyrenees and reaches the Atlantic just north of Bordeaux, attracted the Celtic founders of the first known settlement here. Rome took over the town by the first century B.C., naming it Tolosa and developing a large urbanized area complete with a capitol and a forum. After the Visigoths overran Rome in A.D. 410, they captured Tolosa and made it the capital of a vast kingdom stretching over both sides of the Pyrenees.

From the 9th to 13th centuries, under the counts of Raymond, Toulouse was one of the most civilized of European cities, capital of the realm of Languedoc and renowned for its arts and culture.

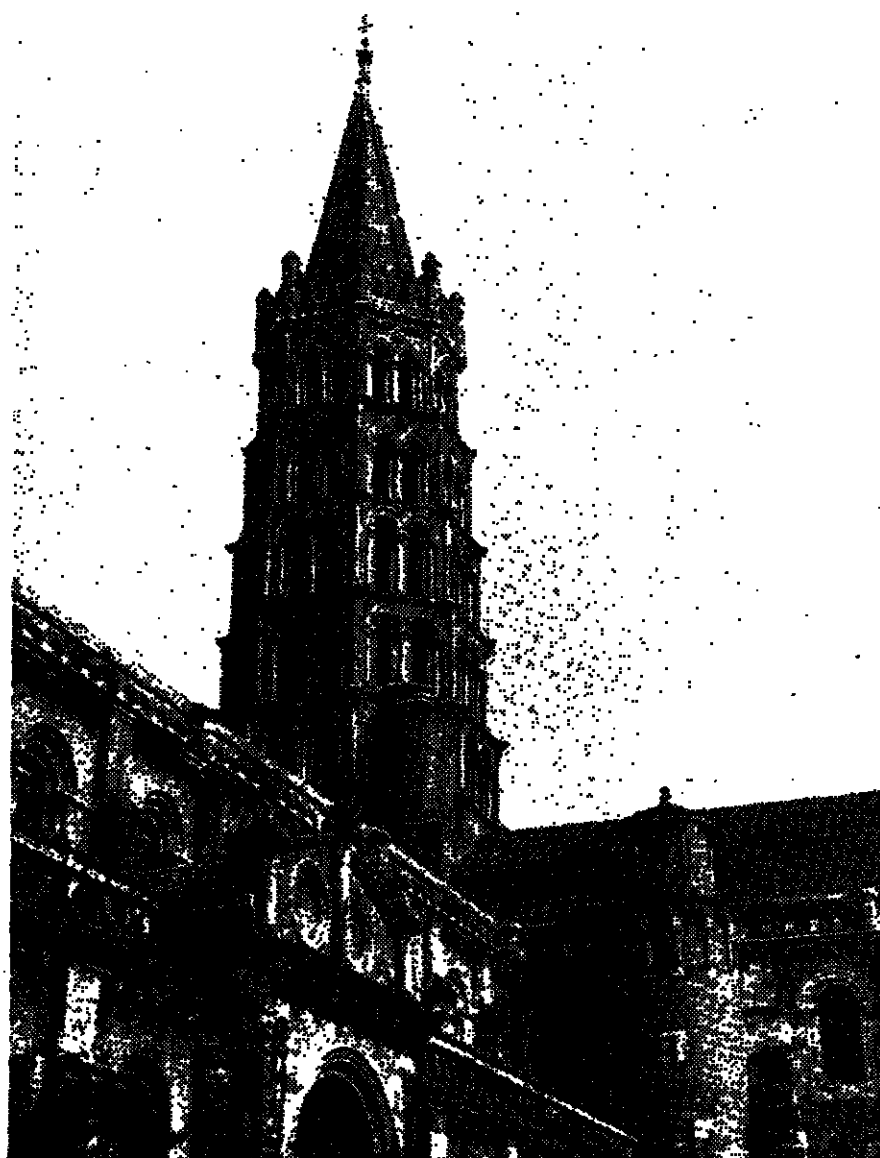
In 1152, a distinctive feature of government was initiated: the election of a group of leading citizens to administer the city under the title of *seniors de capitole*, commonly known as *capitouls*. Usually governing 12 at a time, *capitouls* ruled Toulouse until the French Revolution. Since their privileges included the right to add towers to their homes, they left the skyline of the city, especially in the neighborhood surrounding the Capitole, punctuated with towers. Toulouse has never been bombed, and 40 towers remain.

There were more days of glory in the 16th century, with the "pastel miracle." The little wood plant growing around Toulouse was found to produce a blue dye that won international favor — London and Antwerp were two of the biggest markets — and made the quick fortunes of Toulouse traders. The trade collapsed in 1560 with the arrival in Europe of the cheaper and stronger blue dye called indigo from India, but not before Toulouse's merchants had built lovely palaces, usually of brick with stone adornment and often bearing highly original brick towers.

Toulouse is a fine city to walk in, even to get lost in, and the towers are one reason: you wander down a narrow lane and suddenly one of them shoots up before you. The terrain is flat, distances are short from one point of interest to the next, and the streets, some reserved for pedestrians, are animated. Many streets have intriguing old names, like Rue du Poids de l'Huile, literally, the Street of the Weight of the Oil. Since Toulouse has one of the largest university populations in the French provinces, boutiques and bookstores abound. There are pleasant parks and squares with fountains and flower beds and benches; one of the nicest, just behind the Capitole, adjoins the Donjon du Capitole, which houses the Toulouse Tourist Office.

The circular Place Wilson, a few blocks away, has many brasseries clustered around it; two popular ones are Le Capoul at 13 Place Wilson and Le Pyrénéen at 14 Allées Franklin Roosevelt. Water brackets the entire old district, with, on the east, the Canal du Midi, and on the west, the Garonne and its bridges — the seven-arched brick and stone Pont Neuf is the oldest and most picturesque.

STENDHAL once said that Toulouse reminded him of Rome. On the walls of the Salle des Illustres of the Capitole are large paintings in which, in 1908, the artist Henri Martin portrayed the luminous Garonne, with Sunday strollers and solid,



St. Sernin Basilica, bell tower.

colorful buildings on its banks, looking for all the world like the Arno flowing through Pisa or Florence.

Architecturally notable buildings are numerous. The *Eglise Notre-Dame du Taur*, for example, a small church dating from the 14th and 15th centuries, was built on the spot where, in 250, St. Saturnin (also known as St. Sernin) was martyred by being tied to a bull (or *taur* in the Occitan language) and dragged to death. It has an extravagantly decorated brick bell tower that resembles a wall and is almost as wide as the church itself.

A few blocks north of it is St. Sernin Basilica, where the saint was once buried. Built between the 11th and 14th centuries, it is of brick and stone with a five-story bell tower. The largest and most celebrated Romanesque church in southern France, it was famous in the Middle Ages for the relics it still houses, and as a stopping place for pilgrims on their way to Santiago de Compostela in northwestern Spain.

The 14th-century Church of the Jacobins may be even more beautiful, a huge, fortress-like brick structure surrounded by buttresses. Its immense interior is separated into two naves by 70-foot (21-meter) pillars that irresistibly pull the eye up to the colorful tracery ribbing the vaults. The church's cloister is so peaceful that its existence in a bustling city seems a miracle, as does the former Augustinian monastery at 21 Rue de Metz, whose oldest parts also date from the 14th century.

Now a museum, the Musée des Augustins, it displays splendid works of art, especially from the Middle Ages. Among its treasures are Romanesque capitals from the cloister of the church of La Daurade, the tomb of a knight from about 1290 and a Virgin and Child, known as Notre-Dame-de-Grâce, sculptured in Toulouse in the mid-15th century.

Other museums of special interest are the Musée du Vieux-Toulouse, 7 Rue du May, which focuses on the history of Toulouse and displays popular art of the region; the Musée Georges Labit, 43 Rue des Martyrs de la Libération, to which a traveling 19th-century businessman from Toulouse brought works from China, Japan and India; and the Musée St. Raymond on Place Saint-Sernin, which has one of the finest collections of Imperial Roman busts outside Italy.

Also worth visiting are St. Etienne Cathedral, massive on the outside and a hodgepodge of architectural styles on the inside, and two 16th-century pastel merchants' homes: the Hôtel de Bernuy and the Hôtel d'Assézat, the tower of which is open to visitors seeking a view over the jumbled rooftops of the city.

In the distance, far from the center, are the large, modern buildings where research into space communications and aircraft construction is carried out. The aerospace industry was launched in Toulouse during World War I, moving from northern France. By World War II, Toulouse had become France's leading aircraft manufacturing city.

Toulouse can serve as a base for excursions to other southern French towns of historic and artistic interest. Carcassonne, the walled medieval city, is 60 miles by automobile to the southeast, while Albi, the birthplace of Henri Toulouse-Lautrec, with a museum devoted to him and an imposing cathedral, is about 50 miles northeast of Toulouse.

of Languedoc, *cassoulet de Toulouse*, which combines slowly cooked white beans with such meats as preserved goose, lamb, pork and, essential in this city, Toulouse sausages, is the first dish any French visitor would order here. As the late Waverley Root put it, the cuisine is "solid, like the strong Romanesque architecture of the south, never elaborate, like the flamboyant Gothic buildings of the north."

Foie gras, duck, lamb, goose, pâtés and, of course, *cassoulet*, retain pride of place on the city's menus, but grace notes have been added in the form of fresh vegetables frequently combined with small portions of meat to produce salads and light, inventive main courses.

Toulouse has no wine of its own, but both Madiran, a heavy-bodied red from the Gascogne region to the west, and Cahors, a dark-colored and pleasantly coarse red from the Quercy region to the north, are excellent choices. Two regional sparkling white wines are Cahors, produced just west of Albi, and Blanquette de Limoux, from south of Carcassonne. The classic way to finish a meal in Toulouse is with a small glass of Armagnac, the earthy and idiosyncratic brandy made mostly in the department of Gers, to the west of Toulouse.

Cultural activity and diversity are a source of pride. The Orchestre Nationale du Capitole de Toulouse is recognized as one of the best in France. *Bel canto* is another passion, and there are full seasons of opera, theater and ballet.

There is also the quiet, tree-shaded Canal du Midi to explore. Barges can be rented in Toulouse and Carcassonne, 37 miles to the southeast, to cruise the 17th-century waterway all the way to the Mediterranean.

THE Grand Hôtel de l'Opéra, 1 Place du Capitole (tel: 21.82.66), new and lastingly decorated, offers deluxe accommodations overlooking the Capitole. Rates for two in a room run from 350 to 900 francs (about \$40 to \$100). Two other large, modern hotels, almost as centrally situated, are the Grand Wilson, 7 Rue Labada (tel: 21.21.75), and the Mercure St. Georges on Rue St. Jérôme (tel: 23.11.77). Expect to pay around 400 francs for two at either.

An especially pleasant small hotel in central Toulouse is the Royal, 6 Rue Labada (tel: 23.38.70), with friendly staff and a quiet inner courtyard; about 300 francs for two.

In town, *cassoulet*, preserved goose and foie gras are easy to find, but the classic *cassoulet* restaurant is the rustic Le Colombier, 14 Rue Bayard (tel: 62.40.05); closed Saturday and Sunday and all of August; about 120 francs a person.

Les Frangins, 16 Rue Gambetta (tel: 23.20.11), is small and lively with specialties like duck or lamb; about 120 francs a person. At lunch (weekdays only) there are cheap and simple fixed-price menus.

At the more elegant La Belle Époque, 3 Rue Pargaminières (tel: 23.22.12), the chef, Pierre Rondge, has had the bright idea — starting, for Toulouse — of adding calorie counts to some of the items on the menu. There are numerous foie gras and duck specialties, with calories unlisted, and a salad with warm pigeon and *pleurole* mushrooms. The restaurant is given one star in the Michelin guide; expect to spend about 200 francs a person. (Closed Sunday; lunch served on weekdays only.)

The Office de Tourisme de Toulouse, stocked with information about local and regional activities, is in the Donjon du Capitole, 31000 Toulouse; tel: 23.32.00.

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On the Snow Slopes of China

by Christopher S. Wren

BEIJING — Imagine flying to a long-anticipated ski vacation in Colorado, only to be met at the airport by a local tourism official who says apologetically that skiing this winter is, well, inconvenient. Aspen, he tells you, is under repair, and while it is a pity you didn't ask to go to Vail instead, it, too, has closed. But don't worry, because a visit to the Denver stockyards has been planned.

That is what skiing in China is like. The good news is that there aren't many lifts, and those that exist seem to be a secret kept by the China International Travel Service. The travel service prefers to keep Western tourists tucked inside a tour bus where they won't fall and hurt themselves.

Yet logic dictates that China must have good skiing, since a third of the country is mountainous. China sent three dozen Alpine and Nordic skiers to the winter Olympics at Sarajevo. Its best downhill racer placed 29th, but he must have trained somewhere.

So, last winter, I set out with a colleague from Beijing in search of some rumored skiing in Manchuria. China's frigid northeast. My companion had brought only his boots to China, but I had two pairs of skis, so we packed our warmest clothing and flew to the Manchurian city of Harbin.

EARLY one crisp morning, we caught the local train to Shangzhi, a rural county seat about 75 miles (120 kilometers) southeast of Harbin. When we got off the train at Shangzhi, the highest elevation in sight was the smokestack of a cement factory. Throngs of peasants in floppy fur caps and quilted jackets of heavy cotton gaped at our garish red parkas and the funny long boards with upturned tips.

But there was a ski area a dozen miles outside town, and after lunch we took a jolting half-hour ride past outlying villages. A sign welcomed us to the Wujimi ski area, which looked like a firebreak slashed down the highest hill.

Our hosts explained apologetically that the lift wasn't working because its operator had been transferred to another job. Besides, one man volunteered, "The competitors usually prefer to walk up because it is quicker."

I had brought a set of climbing skins, but it was easier to make the half-hour trek in ski boots while toting our skis. At first our hosts took turns trotting alongside us to make sure that we didn't get lost, didn't hurt ourselves, or perhaps stumble upon a missile site.

Seen from the top, the hill looked entirely skiable. It was of intermediate standard, with a vertical drop of perhaps 600 feet (180 meters), and about a half-mile long, including the icy runoff at the bottom. Some young local skiers had finished a competition on the hill a few days earlier, leaving us a mostly packed slope. We logged several runs down the hill, starting in heavy powder and winding up on glare ice, before calling it an afternoon.

The après-ski scene in Shangzhi was limited to huddling under heavy quilts in the

spartan rooms of the county's barracks-like guesthouse. The plumbing was somewhere down the unheated hall, and during our solitary supper, we warmed ourselves with a bottle of Gaoliang, the 110-proof Manchurian answer to vodka.

After a sound night's sleep — no raucous disco racket here — we headed back to Wujimi. Our minibuses offered to try to work the lift, which was powered by an old truck engine. By our second run, he had it cracking away, having thawed the ice around it by pouring boiling water over it.

The lift bumped along the ground. To ride it you had to run along with it, carrying your skis in one hand and performing one-armed pull-ups with the other to avoid the boulders.

Compared with such lively ascents, our six runs seemed dull. We concluded that Wujimi, for all its earnest hospitality, was not ready to become an international ski resort. What a pity we hadn't gone instead to Qingyun, we were told. It was the largest ski area in Heilongjiang Province, strictly international class, with runs two miles long. Of course, it shut down when the local athletes weren't training, and besides, someone reported, the rope tow was broken.

So we took the night train back to Harbin and, after a few hours' sleep, a train south to Jilin, where we had heard of a skiing area.

After Wujimi, Songhua Mountain seemed as lofty as the Alps. It was little more than 3,000 feet high. But its northern side offered a 2,200-foot vertical drop and a trail that forked into two for a run that totaled nearly two miles. There was even a real mile-long chairlift that rose for 18 minutes above the surrounding farmland and Songhua Lake.

Construction of the ski area began back in 1966, only to be halted during the Cultural Revolution. It finally opened 15 years later to a mixed clientele that included Chinese athletes, ski-starved Western expatriates from Beijing, and Hong Kong Chinese discovering what snow looked like.

We were billeted at a gloomy old hotel called the Xiguan in Jilin, a 40-minute drive away, and hired a car with a driver for the yuan equivalent about \$14 to take us out to the Songhua ski area. We were joined on our excursion by a Mr. Zhou, a travel service guide with no interest in skiing himself. When we arrived at Songhua, its chairlift was already in motion.

My scarred old pair of K-2s might have drawn snickers at posher ski resorts, but here local Chinese and Hong Kong tourists clustered around to marvel that anyone would ride such streaks of red-white-and-blue. Skiing in China is nothing if not ego-boasting.

My companion decided to borrow skis from the small warming hut, which stocked about two dozen sets of mostly Japanese boots, skis and poles. The attendant tightened the bindings to his boots until the screws would budge no further. Once outside, we discreetly loosened them until the safety releases worked.

Zhou announced that the cost of a day's skiing, which included the lift, skis and boots, would be the equivalent of \$5 apiece, or double what the busload of Hong Kong tourists were paying. The difference, he explained, was due to the fact that we were

foreign friends from the West and not ethnic Chinese compatriots. My response — that an American ski resort engaging in that kind of discrimination would go bankrupt with lawsuits — sent him into giggles.

BEFORE we were allowed on the mountain unattended, we had to be checked out by Sun Li, the local ski instructor, who led the way to the chairlift. Snow dusted the branches of the passing larch, oak, and poplar trees. Overhead, a couple of MiG fighters wheeled lazily in a brilliant blue sky.

Sun looked surprised when we followed her over the small headwall and down through some steep moguls without spilling. I in turn was impressed by her style. For years, ski instructors had shouted at me to put most of my weight on the downhill ski. But until now I had never seen anyone keep all of it there. Sun lifted her uphill ski a good six inches off the snow, then stamped it back down for the next turn in a graceful kind of clog dance.

The slope widened as we descended. Though it was not groomed, the skiing resembled the hard-packed conditions of New England. Rocks protruded from one lower trail so we took the other, exhilarated to have the mountain to ourselves. We encountered traffic only at the bottom, where Hong Kong compatriots, on skis for the first time, sprawled in various stages of helplessness.

After a couple of runs, Zhou stepped forward to declare that we should have lunch. After the hearty skiers' special — whole braised fish, fried spare ribs, eggs scrambled with vegetable greens, we returned to nearly empty slopes feeling bloated.

We shared the mountain only with a Japanese skier and Xiao Wang, an engaging local 11-year-old. He tripped and somersaulted, and his borrowed skis kept slipping off, but by the end of our run I suspected he would blossom into a downhill racer.

The next day, we found that a few obstacles had been added. The local peasants were using the trail to haul down brushwood they had gathered from the forests. Once off the lift, we confronted an annoyed ox tied to a sled. By midmorning, the downhill run had become a challenging slalom course, and we had to pick our line carefully through the firewood, oxen, manure and peasants, a couple of whom blocked the trail by sprawling across it for a nap.

Zhou agreed later that China's ski facilities were largely undeveloped. This explained why the travel service did not solicit foreign patronage.

It is only a matter of time before China realizes that there is gold, or at least hard currency, to be mined from the snow on all those hills. A French company has been negotiating to develop a major resort at Motianling, about 30 miles from Jilin. There are other plans to add a restaurant and hotel at Songhua Mountain. Once skiing is no longer considered odd, more Chinese skiers like Sun Li and Xiao Wang are bound to emerge. Until then, skiing in China will require a resourcefulness beyond the mastery of mere technique.

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NYSE Most Actives				
Symbol	Vol.	High	Low	Close
Unilever	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
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Amgen	1,000	112.00	111.00	111.00
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Dow Jones Averages				
Index	Open	High	Low	Close
Indus	1,000	112.00	111.00	111.00
Trans	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00

NYSE Index				
Index	Open	High	Low	Close
Indus	1,000	112.00	111.00	111.00
Trans	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00

NYSE Closing				
Index	Open	High	Low	Close
Indus	1,000	112.00	111.00	111.00
Trans	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00

AMEX Diaries				
Index	Open	High	Low	Close
Indus	1,000	112.00	111.00	111.00
Trans	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00

NASDAQ Index				
Index	Open	High	Low	Close
Indus	1,000	112.00	111.00	111.00
Trans	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00
Comp	1,000	112.00	111.00	111.00

AMEX Most Actives				
Symbol	Vol.	High	Low	Close
Unilever	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
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NYSE Most Actives				
Symbol	Vol.	High	Low	Close
Unilever	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
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Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00
Amgen	1,000	112.00	111.00	111.00

Slump Continues on NYSE

NEW YORK — Prices on the New York Stock Exchange drifted to a small loss Thursday, continuing its post-election slump.

But some energy issues gained ground on renewed takeover speculation.

The Dow Jones average of 30 industrials slipped .77 to 1,206.16, bringing its loss since Nov. 6 to 37.99 points. Volume grew to 81.53 million shares from 73.94 million Wednesday.

Analysts said investors were not inclined to make big new commitments in stocks until they get a clearer indication of what strategy the Reagan administration and Congress might adopt to deal with the unbalanced federal budget.

The Treasury, which has been studying various ideas for tax reform, is expected to report its conclusions early next month.

Meanwhile, evidence of a slowdown in the U.S. economy continued to accumulate. The Federal Reserve reported Thursday morning that industrial production in October was unchanged from the month before.

That news was closely followed by word from the Commerce Department that business inventories rose 0.6 percent in September.

In their apparent preoccupation with recession worries, stock traders showed little response to falling interest rates in the credit markets.

Late in the day rates on short-term Treasury bills were down 13 to 21 basis points, or hundredths of a percentage point. Prices of long-term government bonds, which move in the opposite direction from interest rates, rose more than \$10 for every \$1,000 in face value.

M-1 Rises \$2.7 Billion

NEW YORK — M-1, the narrowest measure of the U.S. money supply, rose \$2.7 billion in the week ended Nov. 5, climbing to a seasonally adjusted \$546.7 billion from a revised \$544 billion the previous week, the Federal Reserve Board reported Thursday.

M-1 includes currency in circulation, travelers checks and checking deposits at financial institutions.

Unocal, up 2% at 43%, and Phillips Petroleum, up 1% at 44%, ranked No. 1 and No. 2 on the most-active list, while Sun Co. gained 2% to 49% and Kerr-McGee added 1 to 30%.

The companies were discussed in a brokerage firm's report evaluating possible takeover candidates among energy issues.

Morton-Thiokol dropped 6% to 83%. The company agreed to sell its Texide division to Dow Chemical.

Recently Dow, which had bought a chunk of Morton-Thiokol stock, had been considered a possible bidder for the whole company, although it denied having such plans.

Kellogg Co. climbed 2% to 36%. Late Thursday the company said it bought about 15 million of its shares from the W.K. Kellogg Foundation trust, reducing the amount of its stock outstanding by about 20 percent.

Auto issues gave ground. General Motors fell 1% to 76%; Ford Motor to 46%; and Chrysler to 28%.

6 MONTHS 800% PROFITS

Whenever the DOW dips, there are sages who mistake a burp for a death rattle, warning timid souls to retreat from hope to await the Apocalypse, reading Thomas Hardy instead of Penthouse. Most investors are unfortunately pre-conditioned to buy into strength and to sell into weakness, flouting rational behavior. A pundit recently remarked that the real (after inflation) value of the DJI fell 62% between 1964 and 1983 and that this fall is symbolic of the Sunset of free enterprise.

The fallacy of his thesis is apparent; one need only remember Disraeli's quip that there are "liars, damn liars, and statistics".

The greatest gains in equities between 1964 and 1983 were realized by "unlisted" shares or by stocks on the American Stock Exchange, not by behemoths on the N.Y.S.E., for the latter offer only arithmetical gain.

Dozens of legendary "winners" were incubated outside the embrace of the DOW, companies ranging from APPLE to WANG.

How many pessimists recall, to cite one example, that WANG — which a prestigious investment firm once dubbed "an absurd risk" — spiraled from 5/8 to a high of \$42 in 1982, when the DOW was being pulverized (under 800). C.G.R. mused, "BUY AMERICA, FOR THE DOW WILL TOUCH 1,000 BEFORE HITTING 750". And now? Despite tremors, the DOW will escalate above 2,000 before the feared 1,000 plateau is breached, an upswing characterized by surges in secondary and developing equities.

Our forthcoming report reviews emerging corporations, analogous to prior "special situations" that dramatically outpaced the DOW, some vaulting 800% in less than six months. As a piece of resistance, we focus upon "senior securities" that may be ingested by predators at premium prices.

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(Continued from Page 16)

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Morse	.80	42	8	74	19	1874	18
Martin	1.92	23	12	2781	5942	83	83
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NYSE Highs-Lows Nov. 15

NEW LOWS 23

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per bushel

BUSINESS ROUNDUP

Disney Plans to Show A Loss of \$64 Million

By Robert J. Cole
New York Times Service

NEW YORK — Walt Disney Productions, operating under new management for less than two months, says it is taking a \$166-million write-off for the fourth quarter and will therefore show a loss for the period of \$64 million. The company earned \$24.5 million in the fourth quarter a year ago.

Some sort of write-off — had long been expected by Wall Street's Disney watchers.

The announcement came on Wednesday shortly after the 4 P.M.

close of trading on the New York Stock Exchange. Disney closed Wednesday at \$58.375, up 62.5 cents in light trading.

Martin Rottm, who follows Disney for First Boston Corp., said the write-off represented "a final break with the past and the practices of prior management."

In a statement announcing results for the quarter ended Sept. 30 and the full year, Disney said the loss resulted from "management's decision to account for certain unusual charges" in the quarter. It said \$112 million represented write-downs to "expected net realizable values" for films and television properties in release, production and development.

A sum of \$40 million, it said, was for the abandonment of projects that had been considered for Disneyland or Walt Disney World.

The remaining charges, Disney said, represented reserves for corporate expenses and other matters.

Disney's new top executives, Michael D. Eisner, chairman, and Frank Wells, president, said they had concluded "that efforts must immediately focus on the rejuvenation of our motion picture and television business, the roots of success of Walt Disney Productions."

Expansion of Disney's theme parks in California and Florida would continue, they said, but at "pre-Epcot Center levels." Epcot was opened two years ago in Florida at a cost of \$1.2 billion.

If not for the write-off and a change in accounting for investment tax credits to the flow-through method, Disney said, net income for the quarter would have fallen 9.8 percent, to \$22.1 million, or 65 cents a share, from \$24.5 million, or 70 cents a share, in the final quarter of 1983. Revenues rose 27.6 percent in the period, to \$463.2 million, from \$363 million.

Net income for the fiscal year, Disney said, rose 4.9 percent, to \$97.8 million, or \$2.73 a share, from \$93.2 million, or \$2.70 a share. Revenues reached a new high of \$1.66 billion, up 26.7 percent from \$1.31 billion a year earlier.

W. German Electrical Unit Is Optimistic

By Warren Geller
International Herald Tribune

FRANKFURT — The West German electrical industry expects to show a 10-percent increase in sales this year, to 135 billion Deutsche marks (\$62.2 billion), after recording a 9.4-percent rise in the first three quarters, the ZVEI industrial association said Thursday.

Rudolf Scheid, ZVEI's president, said he expects the industry's strong recovery to continue through 1985, at a slightly slower 6-percent growth rate. That would bring sales to 146 billion DM.

Mr. Scheid said earnings as a percent of total sales are expected to improve this year to 2 percent, from last year's 1 to 1.2 percent. He said an increase in capacity use, to 83 percent in the third quarter from 79 percent a year earlier, would help this.

The industry association said employment is expected to increase by 20,000 this year and as much as an additional 28,000 in 1985. The sector now employs about 930,000 workers.

Production for the first nine months was up a real 7.9 percent, and is expected to finish the year up 7 percent, Mr. Scheid said. He estimated a 5-percent to 6-percent increase for 1985.

Mr. Scheid said that production losses related to the May-June metalworkers' strike had been largely recovered. He noted that orders surged 28 percent in July, 14.5 percent in August and 9.9 percent in September from year-earlier levels.

Exports accounted for 45 percent of production in the first three quarters, jumping by 17 percent to 58 billion DM.

The industry clearly has been buoyed by the strong dollar. Sales to the United States jumped 52 percent to 3.5 billion DM in the first three quarters. The United States is now the third-largest buyer of West German electrical goods, after France and Britain.

Mr. Scheid also pointed to a "technological upturn" in the industry.

Plessey Reports 9.4% Fall in 2d-Quarter Profit

Reuters

LONDON — Plessey Co. on Thursday reported a second quarter pretax profit of £38.7 million (£48.7 million), down 9.4 percent from £42.7 million last year. For the first half, which ended Sept. 28, pretax profit was £80.7 million, down slightly from £80.9 million last year, the company said.

The price of Plessey shares fell Thursday on the London Stock Exchange to £2.14 a share from £2.26 following the announcement of the first-half results, which were well below market expectations, stock market traders said.

Analysts had expected second quarter pretax profits to be in the range of £43 million to £45 million. Plessey said an excellent performance by the office-systems business in Britain was offset partly by losses on System X digital-ex-

change production caused by high startup costs and lower margins. Activity in cable television was suspended because of uncertainties in the British market.

In the United States, there were fewer orders, especially in the second quarter, for both Digital Central Office and private office equipment.

Plessey said there was a substantial increase in the sales and profit for defense systems, but this did not compensate for the reduction in sales and profit in its radar and military communications businesses.

Expected lower deliveries of radar in the second half materialized, while a general fall in exports to the Middle East hurt the market for tactical radio communications, it said.

The electronic systems division

continued new product development and has increased marketing spending to secure major export opportunities, the company reported.

Plessey said there was a cash outflow of £113.7 million in the first half.

The acquisition of a 35-percent interest in the Italian firm Elettronica cost £20.1 million, and £40.8 million was invested in fixed assets, it said. But the group said the largest outflow was for working capital to support future product growth.

Plessey is currently engaged in a large investment program, including a £50-million semiconductor plant project announced earlier this year, Chairman John Clark said.

Mr. Clark said Plessey is using its cash reserves to strengthen its long-

er-term market and product position.

In addition to acquisitions such as Stromberg-Carlson Corp. in the United States, the group is investing in high-volume plant for the System X telephone exchange and for silicon integrated circuits.

In the first half, Plessey said, telecommunications results were flat, with an unchanged profit of £31.3 million. Electronic systems profit was £15.6 million, down from £19 million a year ago. Aerospace and engineering improved to £10 million from £7.5 million.

Microelectronics and components showed increased pretax profit of £7.6 million compared with £5.4 million. Computer peripherals had a loss of £136,000 compared with a loss of £186,000.

Group services showed £3.7 million profit up from £3 million.

Peugeot Seeking \$223 Million in Government Aid

Reuters

PARIS — Peugeot SA has made a request to the French government's Industrial Modernization Fund for 2 billion francs (\$223 million) in low-interest loans to help with the development of a new Citroën 'commodore' car, a Peugeot spokesman said.

The loans, which carry an interest rate of 9.25 percent, would be used to equip the Aulnay-sous-Bois car plant near Paris to make the new model.

The fund, which was created last year, has not yet responded to the Peugeot request, the spokesman said. The fund loaned Peugeot about 700 million francs this year to modernize its Talbot subsidiary's Poissy plant to enable it to produce a replacement for its Horizon model.

A spokesman for state-owned Renault, which received 750 million francs from the fund in 1984, said his company remains interested in the possibility of further subsidized loans from the fund. He added that it is too early to talk about a specific request for 1985.

ADVERTISEMENT INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

15 November 1984

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on latest prices. The following symbols indicate frequency of quotations supplied for the 1971:

(d) - daily; (w) - weekly; (b) - bi-monthly; (m) - monthly; (q) - quarterly; (a) - annually.

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(d) Bank of Italy 100.00

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Emery Finds Niche Abroad

(Continued from Page 17)

utive officer. "We want to dominate that business the same way Federal dominates domestic air express."

Mr. Emery, 60, is the son of the company's founder. He has made some radical changes since he was named chairman in 1979. He broke Emery's tradition of being a nearly debt-free company that forwarded freight on the larger airlines rather than operate its own fleet. Under his leadership, Emery cut its dividend, borrowed \$130 million, purchased 24 Boeing 727s and, in 1981, built its Dayton sorting center.

"We had to change to survive," Mr. Emery said at the company's headquarters here. "And now is a fortunate time for Emery."

The company said third-quarter net income increased 21.8 percent, to \$9.5 million, or 51 cents a share, from \$7.8 million, or 45 cents a share. Revenues advanced 14 percent, to \$204.2 million. For the first nine months, the company's net income increased 34.3 percent to \$23.9 million, or \$1.26 a share, from \$17.8 million, or \$1.05 a share. Revenues increased 22 percent, to \$596.8 million.

Emery's stock, which traded as low as \$7 a share in 1982, rose to a high of \$26.625 in December. It has since fallen to close Monday at \$18, down 12.5 cents, in trading on the New York Stock Exchange.

Parcels weighing more than 70 pounds (31.7 kilograms) are the biggest part of the company's domestic air freight business, constituting almost double the revenue of the lighter parcels. A 99-pound box shipped overnight from New York to Los Angeles, for example, would be billed at \$126.25, the company said, compared to \$14 for a two-pound parcel.

Mr. Emery said General Electric and General Motors, each with monthly bills exceeding \$2 million, are among its largest customers.

But Emery seems certain to face mounting competition.

Just this year, Federal Express, which had limited parcels to 70 pounds, raised its ceiling to 150 pounds.

The United Parcel Service, the huge, privately held carrier that entered the overnight air freight business in 1982, has raised its maximum weight to 70 pounds from 50.

Emery, which boasts it will take anything — pianos, machine tools, computers, once a miniature submarine — imposes no upper limit.

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Parcels weighing more than 70 pounds (31.7 kilograms) are the biggest part of the company's domestic air freight business, constituting almost double the revenue of the lighter parcels. A 99-pound box shipped overnight from New York to Los Angeles, for example, would be billed at \$126.25, the company said, compared to \$14 for a two-pound parcel.

Mr. Emery said General Electric and General Motors, each with monthly bills exceeding \$2 million, are among its largest customers.

But Emery seems certain to face mounting competition.

Just this year, Federal Express, which had limited parcels to 70 pounds, raised its ceiling to 150 pounds.

The United Parcel Service, the huge, privately held carrier that entered the overnight air freight business in 1982, has raised its maximum weight to 70 pounds from 50.

Elf Reorganizes to Push Biotechnology Interests

By Axel Krause
International Herald Tribune

PARIS — As part of a major reorganization of its biotechnology interests, Société Nationale Elf Aquitaine, France's state-controlled oil company, plans to double its annual investments in the sector to about 200 million francs (\$22.3 million) and may purchase interests in companies abroad.

The reorganization, announced at a news conference Thursday by Elf's chairman, Michel Pequeure, will include the acquisition of Rousselot SA, France's largest gelatin manufacturer, by Elf's main biotechnology affiliate, Sanofi.

Sanofi already owns a 67.8-percent interest in Rousselot. The transaction, estimated to be worth about 200 million francs, will involve Rousselot's private shareholders being offered two shares of Sanofi for each share held.

Sanofi has given responsibility for the development of other biotechnology research and production units in the Elf group. They will be placed under the direction of René Sautier, the president of Sanofi and Elf's managing director for chemicals, Mr. Pequeure said.

Mr. Pequeure later told reporters that his five-year strategy was to substantially expand the company's biotechnology activities, which now account for about 10 billion francs in sales, or 8 percent of total group turnover.

He added that the company plans no layoffs in connection with the moves, which are scheduled to be completed within several months.

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Tables include the nationwide prices up to the closing on Wall Street

Stock Div. Yld. PE Sls. Close
 100s High Low Qupt. Ch'ge

Low		Stock	OW.	VI.	PE	1992 Low		1993 Low		OW.	VI.	PE	1992 Low		1993 Low	
9	3%	Sumitomo			1.80	15	72	5	12	5%	72	15	5	12	5%	72
10	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
11	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
12	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
13	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
14	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
15	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
16	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
17	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
18	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
19	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
20	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
21	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
22	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
23	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
24	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
25	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
26	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
27	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
28	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
29	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
30	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
31	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
32	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
33	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
34	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
35	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
36	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
37	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
38	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
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40	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
41	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
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47	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
48	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
49	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
50	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
51	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
52	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
53	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
54	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
55	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
56	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
57	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
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61	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
62	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
63	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
64	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
65	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
66	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
67	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
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69	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
70	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
71	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
72	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
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77	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
78	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
79	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
80	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
81	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
82	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
83	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
84	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
85	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
86	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
87	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
88	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
89	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
90	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
91	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
92	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
93	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
94	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
95	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
96	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
97	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
98	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
99	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72
100	3%	Sunard			1.80	15	72	5	12	5%	72	15	5	12	5%	72

NASDAQ National Market Prices[illegible]

SPORTS

Monte Carlo Races Canceled by FISA

Compiled by Our Staff From Dispatches

PARIS — The International

Auto Sports Federation (FISA)

Thursday canceled next year's

Monaco grand prix and the

Monte Carlo Rally over a dispute

between the federation and the

organizers.

"FISA's president, Jean-Marie

Balestre, announced that both

the world's oldest and most famous

Formula One race and its most

prestigious rally would not be held

in 1985.

"The Monte Carlo Rally was first

run in 1911; the Monaco grand prix

dates to 1929.

"Because of the unilateral break

of negotiations by the Monaco

authorities there is no further

possibility that either of these two events

be held," Balestre said.

The Automobile Club of Mon-

aco will be expelled from the Inter-

national Automobile Federation

(FIA), Balestre announced. FISA is

FIA's sporting arm.

On Thursday, Jean Herli, a

member of the Monaco govern-

ment's cabinet, blamed Balestre for

the impasse that led to Monaco

breaking off talks in the dispute.

"He said the Automobile Club of

Monaco would oppose the cancel-

lation of the races the FISA's gen-

eral meeting and, if necessary,

through the courts.

The dispute centered on the Mo-

nao club's contract with the U.S.

television network ABC for rights

to televise the grand prix. The club

signed a contract with ABC lasting

through 1987 without the approval

of FIA authorities.

The dispute over the Monte Car-

lo Rally concerned an unex-

pected demand by the French

Automobile Federation, whose

president is also Balestre, for a

levy of one million francs (\$10,000)

for use of French territory.

Monaco's government said

Wednesday that it had failed in its

efforts to mediate the dispute be-

tween the Automobile Club of Mo-

nao and FIA.

The French government also

said Wednesday that it had ended

off its attempts to settle the

dispute, saying that discussions to

improve relations between Monaco

and FISA had broken down.

"The government established di-

rect contact with the presidents of

the three organizations," the state-

ment said. "Three meetings did not

result in a reconciliation of their

points of view. The presidents of

the federations confirmed most of

their claims, which have no real

justification."

Monaco's government said "un-

der these conditions, the govern-

ment has ended its mediation, un-

derstanding in the concern of

defending the sports interests and

economy of Monaco, but also of

the French regions concerned."

Balestre had given Monaco a

deadline of midnight Thursday

to comply with federation de-

mands.

FIA said the Monaco govern-

ment's statement had to be regard-

ed by FISA as a final rejection of

"advantageous compromise pro-

posals it had put forward."

"As a result... the Monte Carlo

Rally is excluded from the world

rally championship," FIA said, and

would be replaced in the World

Championships for Makes and

Drivers by the Swedish Rally, Feb.

15-17. The Monte Carlo event was

due to have started Jan. 26.

The date of May 19, 1985, when

Monaco would have staged the

grand prix, was open for another

race on the 1985 calendar.

Balestre said that he had extend-

ed from Nov. 1 to Dec. 1 the dead-

line for final decisions on the Dal-

las and New York grand prix races

"at the pressing request" of the

Automobile Competitions Com-

mittee of the United States.

He said, however, he was "scop-

tical" that the New York race

would take place, noting it had

been scheduled for the past three

years, but not held.

If New York drops out, it would

be replaced by a race through the

streets of Rome at a date to be fixed

later, he said.

Balestre would not rule out the

possibility of reinstating the grand

prix race if Monaco repudiated, but

he pointed out that would be im-

possible if another race formally

applied for the May 19 date.

Balestre said FIA, holder of the

television rights of all other grand

prix races, should replace the Mo-

nao club as signatory of the club's

agreement with ABC. He also

wanted Monaco to drop three legal

suits against FISA.

The Monaco Automobile Club

had argued that it had been dealing

with ABC since 1961. When the

club renewed the contract in 1983

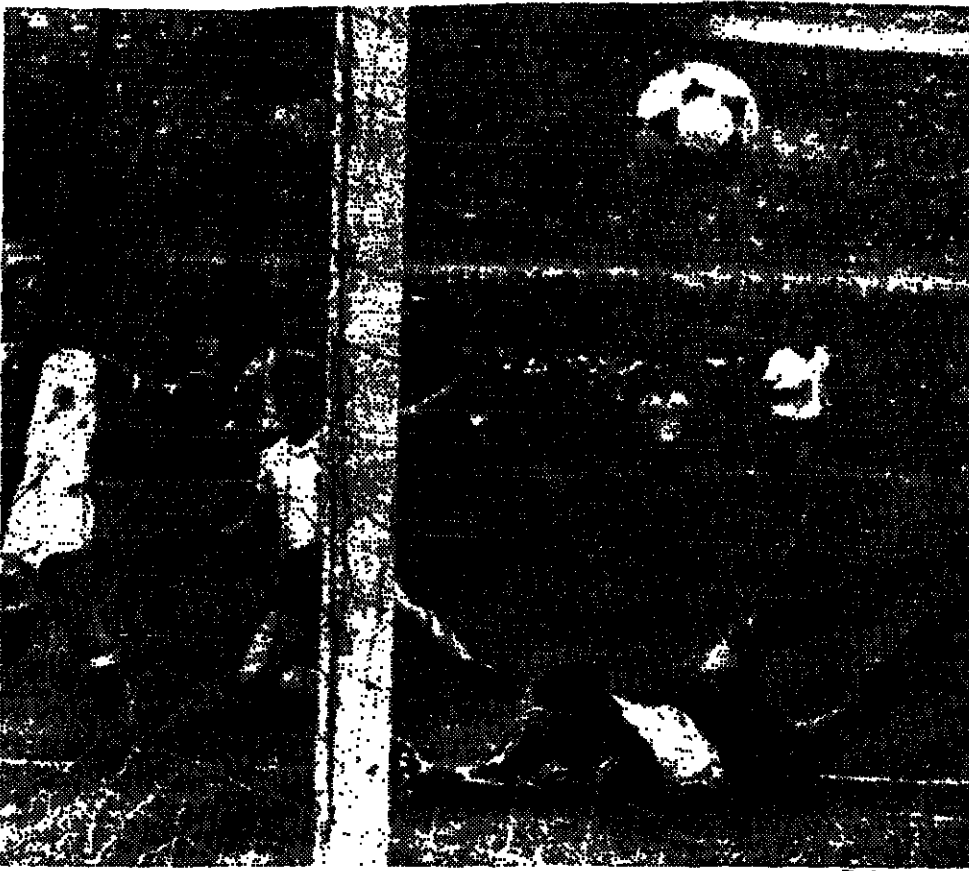
for a further two years FISA's

ruling that all television contracts

be handled by the Formula One

Constructors' Association had not

been ratified. (UPI, Reuters, AP)



Tony Woodcock, behind the post, scores England's seventh goal in an 8-0 rout of Turkey.

England's Coach Revels in 8-0 Victory

United Press International

LONDON — England's coach,

Bobby Robson, could hardly con-

ceal his delight Thursday after his

soccer team crushed Turkey, 8-0, in

Istanbul in their World Cup Group

Three qualifying match.

"We did everything we had to, it

all came good for us," Robson said.

"It was a terrific performance."

Bryan Robson scored three times

as England, in following up its 5-0

defeat of Finland in its opening

match last month, moved closer to

the World Cup finals in Mexico in

1986.

But the pleased reaction to En-

gland's victory was tempered with

realism. "With respect to the Turks

we are doing the job at the moment,

the hardest part is yet to come,"

said Robson, a view shared by ev-

ery British newspaper.

The Guardian newspaper said,

"while England's success has to be

judged once again in the light of the

poverty of the opposition, it can

only be repeated that even the

poorest teams can be hard to beat

without accurate finishing."

After the debate, Jupp Derwall,

the former West German manager

who has been advisor to the Turk-

ish national team for the last six

months, resigned Thursday.

Derwall, who will stay on in Is-

tanbul as manager of the Galatas-

aray club, blamed the players for

his decision.

"The Turkish footballers had no

discipline and a wrong mental at-

titude," he said.

In another Group Three match,

Northern Ireland beat Finland, 2-

1.

Elsewhere, results Wednesday

kept at least two managers in their

jobs.

In Lisbon, previously unbeaten

Portugal fell, 3-1, at home to Swe-

den in a match that put the Swedes

on top of the Group Two standings

and avenged their 1-0 home defeat

by Portugal in September.

After a poor start to the cam-

paign, critics in Sweden were call-

ing for Lars Arnesson to be fired,

but Arnesson responded Thursday.

"Some journalists don't think

that I am being nice to them and

they retaliate by demanding my

resignation," he said. "We have a

good team spirit in the squad, but

one has to accept that contacts with

journalists sometimes are not as

good as I can get irritated. I am not a

diplomat."

Austria's 1-0 victory over the

Netherlands in Vienna in Group

Five saved the job of Erich Hof.

The president of Austria's soccer

association, Josef Manhart, said

Thursday, "If we had lost we would

have been compelled to think of

replacing Hof. Now, after this suc-

cess, we have no reason to look for

another team manager."

Kurt Jara, who had been lured

back from two years of self-im-

posed exile, scored the only goal.

In other action, Denmark shut

out the Republic of Ireland, 3-0, in

Copenhagen to move to the top of

the Group Six standings. Preben

Elkjær-Larsen scored twice and

took his tally to 27 goals in 46

international games.

Scotland beat Spain, 3-1, in

Glasgow in Group Seven as Kenny

Dalglish scored his 30th interna-

tional goal, equalling Scotland's re-

cord set by Dennis Law in the

1960s and 1970s.

Wales beat Iceland, 3-1, in

Group Seven in Cardiff.

Baseball Opens Contract Talks

TV Revenues Among Disputes Cited by Owners and Players

By Joseph Durso
New York Times Service

NEW YORK — Baseball play-

ers and club owners have opened

talks on a new labor contract, with

both sides expressing hope that

they could avoid the hostility that

led to a two-month shutdown of

the major leagues three years ago.

But both sides also conceded

that at least three areas of conflict

had been broached at the meeting:

player benefits, salary arbitration

and changes in the free-agent sys-

tem. And they offered no assurance

that they could reach agreement

before the current contract ends on

Dec. 31 or before spring training

starts in February.

"Neither side could afford to go

through a long strike again," said

Lee MacPhail, former president of

the American League, who re-

placed Ray Gribbey as chief nego-

tiator for the owners this year. "Both

sides stressed that we must conduct

these talks in a different way, with

a different tone, without the acrim-

ony that contributed to the length

of the strike in 1981."

Donald Fehr, acting executive

director of the players association,

was asked if both sides had been

chastened by the strike, and re-

sponded:

"I hope both sides were chast-

ened. We all recalled the strike in

our opening remarks. We didn't

dwell on it, but we didn't pretend it

hadn't happened. We all expressed

a desire to conduct these negotia-

tions fairly, in the proper manner,</

